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IN THE

UNITED STATES COURT OF APPEALS

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 71-1041

CITY OF LAFAYETTE, LOUISIANA
CITY OF PLAQUEMINE, LOUISIANA,

Petitioners,

v.

FEDERAL POWER COMMISSION,

Respondent,

GULF STATES UTILITIES COMPANY,

Intervenor.

ON PETITIONS FOR REVIEW OF ORDERS OF THE

FEDERAL POWER COMMISSION

JOINT APPENDIX

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL POWER COMMISSION

Application of GULF STATES UTILITIES COMPANY for Authorization of the Issuance of $30,000,000 Principal Amount of First Mortgage Bonds under Section 204(a) of the Federal Power Act	Docket No.______

A. Name and address of the applicant.

Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

B. State of incorporation.

The Company was incorporated under the laws of Texas on August 25, 1925 and is qualified to do business in Louisiana.

C. Persons authorized to receive notices.

F. R. Smith, President and Principal Executive Officer
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

J. M. Stokes, Vice President-Finance and Secretary
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

D. Description of the securities to be issued or the liabilities to be assumed.

$30,000,000 principal amount of First Mortgage Bonds, ___*___% Series A due 2000 (hereinafter referred to as the "New Bonds"). The New Bonds will be issued under the Company's Indenture of Mortgage dated September 1, 1926, as heretofore supplemented and modified and as to be further supplemented by a Twenty-ninth Supplemental Indenture. The New Bonds and the Twenty-ninth Supplemental Indenture are to be dated as of the first

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* To be supplied by amendment.

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day of the month in which the New Bonds are issued (presently expected to be December 1, 1970). The New Bonds are to be due thirty years from such date and will not have any voting privileges.

E. Method of issuance and sale.

The Company proposes to sell the New Bonds at competitive bidding in accordance with the applicable requirements of Section 34.1a of the Commission's Regulations under the Federal Power Act. The proposed issuance of securities has not been exempted by the Commission from the competitive bidding requirements of its Rules and is not the subject of an application for such exemption.

F. Proposed method of complying with the competitive bidding requirements of Section 34.1a (b) and (c).

The Company proposes to invite bids on or about November 24, 1970 (unless postponed) for the purchase of the New Bonds by newspaper publication of a "Notice of Invitation for Bids for the Purchase of First Mortgage Bonds" and through distribution of a "Public Invitation for Bids for the Purchase of $30,000,000 First Mortgage Bonds, _____% Series A due 2000" setting forth the terms and conditions relating thereto. The Public Invitation will provide that each bid for the New Bonds must be for the purchase of all of the New Bonds. A bid may be made by a single bidder or by a group of bidders. In case the bid of a group of bidders is accepted, the obligations of the members of the group shall be several and not joint. No bidder may submit or participate in more than one bid for the New Bonds. All bids must be on the Form of Bid furnished by the Company and must be signed by the bidder, or in the

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case of a group of bidders, by the Representative on behalf of the group.

All bids shall specify the interest rate of the New Bonds, which shall be a multiple of 1/8%, and the price (exclusive of accrued interest) to be paid to the Company for the New Bonds, which shall not be less than 99% nor more than 102 1/2% of the principal amount of the New Bonds, and that accrued interest from the date of the New Bonds to the date of payment therefor and delivery thereof will be paid to the Company by the Purchasers. Each bid must be accompanied by a certified or official bank check or checks in the aggregate amount of $900,000, and all bids must be presented to the Company before 11:00 A.M., New York Time on December 9, 1970 (unless postponed).

Unless the Company rejects all bids (which it reserves the privilege to do) or excludes a bid or bids for reasons specified in the Public Invitation, it will accept the bid which provides the lowest "cost of money" determined as provided in the Public Invitation. A copy of the Notice of Invitation, Public Invitation and Form of Bid for the Purchase of First Mortgage Bonds, including Terms of Purchase, such Form of Bid and Terms of Purchase collectively constituting the Bond Purchase Contract, will be filed by amendment to this Application as Exhibits O-1, O-2 and O-3, respectively.

G. <u>Data in compliance with the competitive bidding requirements of Section 34.1a (c).</u>

To be supplied by amendment.

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H. Fees and control.

(1) Fees.

None.

(2) Control.

To be supplied by amendment.

I. Statement showing the price to the public, underwriting commissions, and net proceeds.

Information as to the price to the public, underwriting commissions and net proceeds to the Company from the New Bonds will be supplied by amendment. Set forth below is a table prepared on an estimated basis showing the information required in Section 131.43.

	Description		New Bonds
1.	Face value or principal amount...........		$30,000,000
2.	Plus premium or less discount...........		-0-
3.	Gross proceeds............................		$30,000,000
4.	Underwriters' spread or commission.......		$ -0-
5.	Securities and Exchange Commission registration fee........................		6,150
6.	State mortgage registration fee..........		-0-
7.	State commission fee.....................		-0-
7a.	Qualification under Blue Sky laws........		300
8.	Fee for recording indenture..............		4,000
9.	United States document tax...............		-0-
10.	Printing and engraving expenses..........		4,000
11.	Trustee's fees and expenses in connection with issuing New Bonds (including counsel).........................		12,000
12.	Counsel fees.............................		15,000
13.	Accountant's fees........................		4,000
14.	Miscellaneous expenses of issue:		
	Advertising for bids..................	$1,000	
	Telephone, telegraph, traveling and incidental expenses..........	6,550	7,550
15.	Total deductions.........................		$ 63,000
16.	Net amount realized (estimated).......		$29,937,000

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J. Purpose for which the securities are to be issued.

The proceeds from the sale of the New Bonds will be used by the Company to refund and pay off part of its commercial paper and short-term notes to banks to be outstanding as of the date of issuance. The Company estimates that on December 16, 1970, the date the securities are expected to be sold, there will be outstanding approximately $55,000,000 principal amount of commercial paper and short-term notes issued on various dates. The aforesaid commercial paper and short-term notes to banks constitute an issuance of securities previously authorized by the Commission (Docket No. E-7509).

K. Description of business:

The Company is engaged principally in the business of generating, distributing and selling electric energy in southeastern Texas and south central Louisiana in an area about 350 miles long, having an estimated population of 1,225,000 and comprising approximately 28,000 square miles. The Company sells electric energy at retail in 296 communities and surrounding territory; and sells for resale, electric energy to 9 municipal systems, 11 rural electric cooperatives (including 4 municipal systems through one of these cooperatives) and one other utility. Natural gas is purchased at wholesale and distributed at retail in the City of Baton Rouge, Louisiana and vicinity.

L. License issued by the Commission:

The Company holds a Minor-Part License (Transmission Line) issued by March 29, 1966 Order of the Commission for a transmission line (Project No. 2504) in Jasper and Tyler Counties, Texas. The license became effective as of March 1, 1966 and will terminate as of December 31, 1985.

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M. Names and addresses of counsel who have passed upon the legality of the proposed issuance:

Orgain, Bell & Tucker Beaumont Savings Building Fourth Floor Beaumont, Texas 77701	Taylor, Porter, Brooks & Phillips P. O. Box 2471 Baton Rouge, Louisiana 70821

N. Statement of applications, registration statements, etc., required to be filed with any other Federal or State regulatory body:

A Registration Statement on Form S-9 (Exhibit N hereto), is required and is being filed with the Securities and Exchange Commission.

O. Propriety of issue:

The laws of Texas under which the Company is organized and the laws of Louisiana in which the Company is qualified to do business permit the Company to issue its securities for proper corporate purposes, including the purposes set forth in response to Item J hereof. The purposes are necessary and appropriate for and consistent with the proper performance by the Company of service as a public utility. The issuance of the securities will not impair the Company's ability to perform such service and is reasonably necessary and appropriate for such purposes.

P. Statement of all rights to be a corporation, franchises, permits, and contracts for consolidation, merger, or lease included as assets:

The Company, or any predecessor thereof, has not included as assets any amount representing rights to be a corporation, franchises, permits, and contracts for consolidation, merger, or lease. The issuance of the new securities will not result in the capitalization of the right to be a corporation or of any franchise, permit, or contract for consolidation, merger or lease.

Q. Form of Notice.

Take notice that on _______________, 1970, Gulf States Utilities Company (Applicant) filed an application seeking an order pursuant to Section 204 of the Federal Power Act authorizing the issuance of $30,000,000 principal amount of First Mortgage Bonds.

Applicant is incorporated under the laws of Texas with its principal business office at Beaumont, Texas, and is engaged in the electric utility business in portions of Louisiana and Texas. Natural gas is purchased at wholesale and distributed at retail in the City of Baton Rouge and vicinity.

The Applicant proposes to sell the new securities at competitive bidding in accordance with the Commission's Regulations under the Federal Power Act. The Applicant proposes to invite bids on or about November 24, 1970, for the purchase of the new securities.

The proceeds from the sale of the new securities will be used to pay off part of the Company's outstanding short-term notes with commercial banks and unsecured promissory notes in the form of commercial paper, previously authorized by the Commission.

Any person desiring to be heard or to make any protest with reference to said application should on or before _________________________, 1970, file with the Federal Power Commission, Washington, D.C. 20426, petitions or protests in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.10).

All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve

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to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

Listed below are Exhibits to this Application. References in the right-hand column indicate Exhibits previously filed with the Federal Power Commission which are incorporated herein by such reference.

Exhibit	Description	Reference
A	Restated Articles of Incorporation of the Company.	Docket No. E-7430 Exhibit A
B	Bylaws of the Company as amended to date.	
C- 1	Indenture of Mortgage dated September 1, 1926.	Docket No. 5452-S Exhibit D
C- 2	First Supplemental Indenture dated as of May 1, 1929.	Docket No. 5452-S Exhibit E
C- 3	Second Supplemental Indenture dated as of June 1, 1931.	Docket No. 5452-S Exhibit F
C- 4	Third Supplemental Indenture dated as of October 1, 1936.	Docket No. IT-6081 Exhibit D-9
C- 5	Fourth Supplemental Indenture dated as of September 1, 1938.	Docket No. IT-6081 Exhibit D-10
C- 6	Indenture dated March 21, 1939.	Docket No. IT-6081 Exhibit D-11
C- 7	Fifth Supplemental Indenture dated as of May 1, 1939.	Docket No. IT-6081 Exhibit D-12
C- 8	Sixth Supplemental Indenture dated as of August 1, 1944.	Docket No. IT-6081 Exhibit D-13

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Exhibit	Description	Reference
C- 9	Seventh Supplemental Indenture dated as of May 1, 1946.	Docket No. IT-6081 Exhibit D-14
C-10	Eighth Supplemental Indenture dated as of April 1, 1948.	Docket No. E-6124 Exhibit D-13
C-11	Ninth Supplemental Indenture dated as of December 1, 1949.	Docket No. E-6242 Exhibit D-15
C-12	Tenth Supplemental Indenture dated as of June 1, 1950.	Docket No. E-6287 Exhibit D-15
C-13	Eleventh Supplemental Indenture dated as of November 1, 1951.	Docket No. E-6378 Exhibit D-16
C-14	Twelfth Supplemental Indenture dated as of December 1, 1952.	Docket No. E-6458 Exhibit D-16
C-15	Thirteenth Supplemental Indenture dated as of December 1, 1953.	Docket No. E-6525 Exhibit D-17
C-16	Fourteenth Supplemental Indenture dated as of September 1, 1956.	Docket No. E-6698 Exhibit D-16
C-17	Fifteenth Supplemental Indenture dated as of October 1, 1957.	Docket No. E-6771 Exhibit D-17
C-18	Sixteenth Supplemental Indenture dated as of May 1, 1958.	Docket No. E-6811 Exhibit D-18
C-19	Seventeenth Supplemental Indenture dated as of January 1, 1959.	Docket No. E-6855 Exhibit D-19
C-20	Eighteenth Supplemental Indenture dated August 12, 1959.	Docket No. E-6903 Exhibit D-20
C-21	Nineteenth Supplemental Indenture dated as of December 1, 1959.	Docket No. E-6903 Exhibit D-21
C-22	Twentieth Supplemental Indenture dated as of July 1, 1960.	Docket No. E-6936 Exhibit D-22
C-23	Twenty-first Supplemental Indenture dated as of May 1, 1962.	Docket No. E-7030 Exhibit D-23
C-24	Twenty-second Supplemental Indenture dated as of January 1, 1966.	Docket No. E-7259 Exhibit C-24

Exhibit	Description	Reference
C-25	Twenty-third Supplemental Indenture dated as of February 1, 1967.	Docket No. E-7328 Exhibit C-25
C-26	Twenty-fourth Supplemental Indenture dated as of February 1, 1968.	Docket No. E-7391 Exhibit C-26
C-27	Twenty-fifth Supplemental Indenture dated as of October 1, 1968.	Docket No. E-7438 Exhibit C-27
C-28	Twenty-sixth Supplemental Indenture dated as of March 1, 1969.	Docket No. E-7463 Exhibit C-28
C-29	Twenty-seventh Supplemental Indenture dated as of September 1, 1969.	Docket No. E-7497 Exhibit C-29
C-30	Twenty-eighth Supplemental Indenture dated as of February 1, 1970.	Docket No. E-7518 Exhibit C-30
C-31	Proposed Twenty-ninth Supplemental Indenture to be dated as of the first day of the month in which the New Bonds are issued.	To be supplied by amendment.
C-32	Trust Indenture dated as of October 1, 1961.	Docket No. E-7008 Exhibit D-24
C-33	Letter Agreements with commercial banks providing for unsecured loans through December 31, 1970.	Docket No. E-7509 Exhibit C-33
D	Proposed Resolutions of Board of Directors of the Company authorizing the issue of the New Bonds.	
E	The names, titles and addresses of principal officers of the Company.	
F- 1	Opinion of Messrs. Orgain, Bell & Tucker.	
F- 2	Opinion of Messrs. Taylor, Porter, Brooks & Phillips.	
G	Statement of the measure of control or ownership exercised by or over the Company.	

Exhibit	Description	Reference
H	Balance sheet of the Company in conformity with the forms in Section 131.40 and Section 131.41.	
I	Statement showing certain details for each class and series of capital stock.	
J	Statement showing certain details for each class and series of funded debt.	
K	Statement of all known material contingent liabilities.	
L	Comparative income statements in conformity with the form in Section 131.42.	
M	Analysis of surplus for the period covered by the income statements referred to in Exhibit L above.	
N	Registration Statement filed with the Securities and Exchange Commission.	To be supplied by amendment.
O- 1	Notice of Invitation for Bids for the Purchase of Bonds.	To be supplied by amendment.
O- 2	Public Invitation for Bids for the Purchase of Bonds.	To be supplied by amendment.
O- 3	Form of Bid for Purchase of Bonds.	To be supplied by amendment.
P	Not applicable.	
Q	Not applicable.	
R	Not applicable.	

Respectfully submitted,

GULF STATES UTILITIES COMPANY

J. M. STOKES

By__________________________
J. M. Stokes
Vice President-Finance
and Secretary

VERIFICATION

STATE OF TEXAS) SS:
COUNTY OF JEFFERSON)

J. M. Stokes, being first duly sworn, deposes and says: That he is Vice President-Finance and Secretary of Gulf States Utilities Company, the applicant for authorization of the issuance of securities, that he has read the foregoing application and knows the contents thereof; that the same are true to the best of his knowledge and belief.

J. M. STOKES

Subscribed and sworn to before me this 9th day of October, 1970.

SANDRA G. ANGELLE

Notary Public

(NOTARIAL SEAL)

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EXHIBIT B
(FPC)

Oct 12 9 15 AM '70

FEDERAL ...
COMMISSION

GULF STATES UTILITIES COMPANY

I, J. M. Stokes, Vice President-Finance and Secretary of Gulf States Utilities Company, a Texas corporation, hereby certify that the attached is a full, true and correct copy of the Bylaws of said Company, as amended February 27, 1970, and as the same are now in force.

IN WITNESS WHEREOF I have hereunto set my hand and have affixed the corporate seal of Gulf States Utilities Company this 9th day of October, 1970.

J M Stokes

Vice President-Finance and
Secretary

2-27-70

BYLAWS

of

GULF STATES UTILITIES COMPANY

ARTICLE I.

Name.

The name of this Corporation shall be GULF STATES UTILITIES COMPANY.

ARTICLE II.

Shareholders' Meetings.

All meetings of the Shareholders shall be held at the Royal Coach Inn, 55 Interstate 10 N, in the City of Beaumont, Texas. With or without motion, the Chairman of any meeting of the Shareholders may appoint Inspectors and Tellers for such meeting who shall examine into the qualifications of the Shareholders present in person or represented at the meeting by proxy, report the shares represented at the meeting and tabulate the vote on such matters as may come before the meeting.

ARTICLE III.

Annual Meeting.

The Annual Meeting of the Shareholders of this Corporation shall be held on the second Wednesday in May in each year if not a legal holiday and, if a legal holiday, then on the next succeeding Wednesday not a legal holiday. In the event that such Annual Meeting is omitted by oversight or otherwise on the date herein provided for, the Directors shall cause a meeting in lieu thereof to be held as soon thereafter as conveniently may be, and any business transacted or elections held at such meeting shall be as valid as if transacted or held at the Annual Meeting. Such subsequent meeting shall be called in the same manner and as provided for Special Shareholders' Meetings.

ARTICLE IV.

Special Meetings.

Special Meetings of the Shareholders of this Corporation shall be held whenever called by the Chairman of the Board of Directors, the President, a Vice President or a majority of the Board of Directors, or whenever the

holder or holders of one-tenth (1/10) of the shares of the capital stock issued and outstanding and entitled to vote shall make written application therefor to the Secretary or an Assistant Secretary, stating the time and purpose of the meeting applied for. Special Meetings of the Shareholders shall also be held following the accrual or termination of the right of the preferred stock of the Corporation, voting as a class, to elect the smallest number of Directors of this Corporation necessary to constitute a majority of the members of the Board of Directors, whenever requested to be called in the manner provided in Paragraph 6 of Article VI of the Articles of Incorporation of the Corporation as amended.

ARTICLE V.

Notice of Shareholders' Meetings.

Written or printed notice of all Shareholders' Meetings, stating the time and place, and, in the case of Special Meetings, the purpose or purposes for which such meetings are called, shall be delivered by the Secretary or an Assistant Secretary, by mail, to each Shareholder of record, having voting power in respect of the business to be transacted thereat, at his or her registered address, at least ten (10) and not more than fifty (50) days prior to the date of the meeting, and the person giving such notice shall make affidavit in relation thereto; provided that such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid, and further provided that notice of any such meeting shall be deemed to be sufficiently delivered to any Shareholder who, while the provisions of the Trading with the Enemy Act (Public Act No. 91 of the Sixty-fifth Congress of the United States of America, as now or hereafter amended) shall be operative, shall appear from the stock books to be or shall be known to the Corporation to be an "enemy" or "ally of enemy" as defined in the said Act and whose address appearing on such stock books is outside the United States, or the mailing to whom of notice shall at the time be prohibited by any other law of the United States of America or by any executive order or regulation issued or promulgated by any officer or agency of the United States of America (a) if, at least ten (10) days prior to the date of the meeting, a copy of the notice of the meeting shall be mailed to any person or agency who by any such law, order or regulation shall have been duly designated to receive such notice or duly designated or appointed as custodian of the property of such Shareholder; or (b) if a brief notice of such meeting, including, in the case of a Special Meeting, either a brief statement of the objects for which such meeting is called or a statement as to where there may be obtained a copy of a written notice containing a statement of such objects,

shall be published by the Corporation at least once, not less than ten (10) days before the meeting in a daily newspaper published in the English language and of general circulation in the City of Beaumont, Texas.

Any meeting at which all Shareholders having voting power in respect of the business to be transacted thereat are present, either in person or represented by proxy, or of which those not present have waived notice in writing, shall be a legal meeting for the transaction of business, notwithstanding that notice has not been given as hereinbefore provided.

ARTICLE VI.

Waiver of Notice.

Notice of any Shareholders' Meeting may be waived by any Shareholder and the presence at any meeting, either in person or by proxy, of a Shareholder having voting power in respect of the business to be transacted thereat shall be deemed as to such Shareholder a waiver of notice of the meeting.

ARTICLE VII.

Quorum.

At any meeting of the Shareholders, a majority of the shares of capital stock issued and outstanding and entitled to vote in respect of the business to be transacted thereat, represented by such Shareholders of record in person or by proxy, shall constitute a quorum, but a less interest may adjourn any meeting from time to time and the same shall be held as adjourned without further notice. When a quorum is present at any meeting, the vote of the holders of a majority of the shares of capital stock entitled to vote represented thereat shall decide all questions brought before such meeting, unless the question is one upon which by express provision of law or of the Articles of Incorporation of the Corporation or of these Bylaws a larger or different vote is required, in which case such express provision shall govern and control the decision of such question. The provisions of this Article are, however, subject to the provisions of Paragraph 6 of Article VI of the Articles of Incorporation of the Corporation as amended.

ARTICLE VIII.

Proxy and Voting.

The voting power of the respective classes of stock of the Corporation shall be as provided in Article VI of the

Articles of Incorporation of the Corporation as amended. R 17
Shareholders of record entitled to vote may vote at any meeting either in person or by proxy in writing, which shall be filed with the Secretary of the meeting before being voted. Such proxies shall entitle the holders thereof to vote at any adjournment of such meeting, but shall not be valid after the final adjournment thereof or after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each holder of record of stock of the Corporation of any class shall, as to all matters in respect of which such class of stock has voting power, be entitled to one vote for each share of stock of such class standing in his name on the books of the Corporation.

ARTICLE IX.

Board of Directors.

A Board of fourteen (14) Directors shall be chosen by ballot at the Annual Meeting of the Shareholders or at any meeting held in place thereof as hereinbefore provided. The number of Directors may be increased or decreased from time to time by amendment of the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an Annual Meeting or at a Special Meeting of Shareholders called for that purpose. Each Director shall serve until the next Annual Meeting and until his successor is duly elected and qualified except as in these Bylaws may otherwise be provided. Directors need not be Shareholders in the Corporation.

No person shall be eligible for election or re-election as a Director of the Company after attaining age 70. Any Director, other than a principal executive officer who serves as such to age 65, who is also a salaried officer or employee and who retires from active employment by the Company shall, concurrently with such retirement, resign as a Director of the Company but shall not be ineligible for re-election thereafter at an Annual Meeting of the Shareholders or at any meeting held in place thereof as hereinbefore provided. Upon retirement from active employment by the Company at or after age 65, the principal executive officer shall be eligible for re-election as a Director until attaining age 70, provided, however, that he shall resign as a Director upon the retirement of any succeeding principal executive officer who then continues to serve as a Director after retirement from active employment by the Company at or after age 65.

Upon termination of service as a Director, any Director of the Company who has served as such to age 70 and any former principal executive officer of the Company who has served as

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such to age 65, at the pleasure of the Board of Directors may have the status of Advisory Director, if such person shall have served as a Director continuously for at least ten years immediately prior to ceasing to serve as a Director. At the pleasure of the Board of Directors, each Advisory Director shall have the privilege of attending meetings of the Board of Directors in a consultative capacity, but notice of meetings to an Advisory Director shall not be considered required under the law, the Articles of Incorporation or these Bylaws. No Advisory Director shall be entitled to vote on any business coming before the Board of Directors, nor shall any Advisory Director be counted as a member of the Board of Directors for the purpose of determining whether a quorum is present, or for any other purpose whatsoever. Each Advisory Director shall be entitled to receive the same fees paid to the members of the Board of Directors who are not salaried Officers, but fees to Advisory Directors may be changed or eliminated at any time by amendment of these Bylaws.

The foregoing provisions are, however, subject to Paragraph 6 of Article VI of the Articles of Incorporation of the Corporation as amended.

ARTICLE X.

Powers of Directors.

The Board of Directors shall have the entire management of the business of the Corporation. In the management and control of the property, business and affairs of the Corporation, the Board of Directors is hereby vested with all the powers possessed by the Corporation itself, so far as this delegation of authority is not inconsistent with the laws of the State of Texas, with the Articles of Incorporation of the Corporation or with these Bylaws. The Board of Directors shall have power to determine what constitutes net earnings, profits and surplus, respectively, what amount shall be reserved for working capital and for any other purposes, and what amount shall be declared as dividends, and such determination of the Board of Directors shall be final and conclusive.

ARTICLE XI.

Fees of Directors and Others.

The Board of Directors shall have power to fix and determine the fee or fees to be paid members of the Board of Directors or any Committees appointed by the Directors or Shareholders for attendance at meetings of said Directors or Committees. Any fees so fixed and determined by the Board of Directors shall be subject to revision or amendment by the Shareholders.

ARTICLE XII.

Executive and Other Committees.

The Board of Directors, by resolution adopted by a majority of the number of Directors fixed by the Bylaws, may elect from its number an Executive Committee of not less than three nor more than five members, which Committee may exercise the powers of the Board of Directors in the management of the business of the Corporation when the Board is not in session except where action of the Board of Directors is specified or required by law. The Executive Committee shall report its actions to the Board for approval. The Executive Committee may make rules for the notice, holding and conduct of its meetings and the keeping of the records thereof.

The Board of Directors may likewise appoint from its number or from the Shareholders other Committees from time to time, the number composing such Committees and the powers conferred upon the same to be determined by vote of the Board of Directors

ARTICLE XIII.

Meetings.

Regular Meetings of the Board of Directors shall be held at such places within or without the State of Texas and at such times as the Board by vote may determine from time to time, and if so determined no notice thereof need be given. Special Meetings of the Board of Directors may be held at any time or place, either within or without the State of Texas, whenever called by the Chairman of the Board of Directors, the President, a Vice President, the Secretary, an Assistant Secretary or three or more Directors, notice thereof being given to each Director by the Secretary or an Assistant Secretary or officer calling the meeting, or at any time without formal notice provided all the Directors are present or those not present have waived notice thereof. Notice of Special Meetings, stating the time and place thereof, shall be given by mailing the same to each Director at his residence or business address at least two days before the meeting or by delivering the same to him personally or by telephoning or telegraphing the same to him at his residence or business address at least one day before the meeting.

ARTICLE XIV.

Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business, but a less number may adjourn any meeting from time to time and the same may

be held without further notice. When a quorum is present at any meeting, a majority vote of the members in attendance thereat shall decide any question brought before such meeting, except as otherwise provided by law or by these Bylaws.

ARTICLE XV.

Officers.

The officers of this Corporation shall be a Chairman of the Board of Directors, a President, one or more Vice Presidents, a Secretary and a Treasurer and such other officers and assistant officers as are permitted or provided by these Bylaws and appointed by the Board of Directors. The officers shall be elected by the Board of Directors after its election by the Shareholders, and a meeting may be held without notice for this purpose immediately after the Annual Meeting of the Shareholders and at the same place.

ARTICLE XVI.

Eligibility of Officers.

The Chairman of the Board of Directors and the President may be, but need not be, Shareholders and shall be Directors of the Corporation. The Vice Presidents, Secretary, Treasurer and such other officers as may be appointed may be, but need not be, Shareholders or Directors of the Corporation. Any person may hold more than one office provided the duties thereof can be consistently performed by the same person, and except that the President and Secretary shall not be the same person.

ARTICLE XVII.

Additional Officers and Agents.

The Board of Directors in its discretion may appoint one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers or agents as it may deem advisable, and prescribe the duties thereof.

ARTICLE XVIII.

Chairman of the Board of Directors and President.

The Chairman of the Board of Directors shall be elected from among the Directors of this Corporation. He may call meetings of the Board of Directors and of any committee thereof whenever he deems it necessary. When present, he shall call to order and preside at all meetings of the Shareholders of this Corporation and of the Board of Directors. He shall be the

principal executive officer of this Corporation and shall have general supervision over the business and policies of this Corporation, subject to the control of the Board of Directors. He shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

The President shall be elected from among the Directors of this Corporation. In the absence of the Chairman of the Board, the President shall perform the duties of such Chairman. The President shall be the managing executive officer of this Corporation and shall perform all the duties commonly incident to his office and such other duties as the Board of Directors shall designate from time to time. The President or a Vice President, unless some other person is thereunto specifically authorized by vote of the Board of Directors, shall sign all bonds, deeds and contracts of this Corporation. The President or a Vice President shall sign all certificates representing shares of stock in this Corporation to which Shareholders are entitled.

ARTICLE XIX.

Vice Presidents.

Except as especially limited by vote of the Board of Directors, any Vice President shall perform the duties and have the powers of the President during the absence or disability of the President, and shall have the power to sign all certificates of stock, bonds, deeds, and contracts of the Corporation. He shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board of Directors, or the President shall designate from time to time. From time to time, as it may determine advisable, the Board of Directors may designate an Executive Vice President who, in the absence or disability of the President, shall be the managing executive officer of this Corporation. The Executive Vice President shall possess all the powers conferred by these Bylaws on other Vice Presidents and shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board of Directors, or the President may designate from time to time.

ARTICLE XX.

Secretary.

The Secretary shall keep accurate minutes of all meetings of the Shareholders, the Board of Directors and the Executive or other committees of the Board of Directors, respectively, shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The Secretary shall have the power, together with the President or a Vice President, to sign certificates of Stock of the Corporation. In his absence an Assistant Secretary or a Secretary pro tempore shall perform his duties. The Secretary, any Assistant Secretary and any Secretary pro tempore shall be sworn to the faithful discharge of their duties.

ARTICLE XXI.

Treasurer.

The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds and securities owned or possessed by the Corporation and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond (which shall be in the custody of the President) in such form and with such sureties as shall be required by the Board of Directors. He shall deposit all funds of the Corporation in such bank or banks, trust company or trust companies or with such firm or firms doing a banking business as the Directors shall designate. He may endorse for deposit or collection all checks, notes, et cetera, payable to the Corporation or to its order, and may accept drafts on behalf of the Corporation. He shall keep accurate books of account of the Corporation's transactions which shall be the property of the Corporation, and, together with all its property in his possession, shall be subject at all times to the inspection and control of the Board of Directors.

All checks, drafts, notes, and other obligations for the payment of money except bonds, debentures and notes issued under an Indenture (with the exception of checks in payment of dividends of this Company drawn on accounts designated "Dividend Accounts" which shall be signed in the manner authorized by the Board of Directors) shall be signed, either manually or, if and to the extent authorized by the Board of Directors, through facsimile, by the Treasurer or an Assistant Treasurer or such other officer or agent as the Board of Directors shall authorize and, with the exception of checks in payment of not more than $1,000, shall also be signed or countersigned as a condition to their validity by the President, a Vice President or such other officer or agent as the Board of Directors shall authorize; provided, however, that if the Treasurer causes checks to be drawn in accordance with the foregoing provisions and deposited in special funds to provide for the payment of any payroll or for the payment of charges for transportation by common carrier, checks drawn upon such special funds may be signed manually by such person or persons as the Treasurer shall designate, or, if and to the extent authorized by the Board of Directors, through facsimile, and need not be countersigned.

ARTICLE XXII.

Removals.

The Shareholders may, at any meeting called for the purpose, by a vote of a majority of the shares of the capital

stock issued and outstanding and entitled to vote, remove from office any Director or other officer elected or appointed by the Shareholders or Board of Directors and elect or appoint his successor, but this provision is subject to Paragraph 6 of Article VI of the Articles of Incorporation of the Corporation as amended. The Directors may, by vote of not less than a majority of the entire Board, remove from office any officer or agent or member or members of any Committees selected or appointed by them or by the Executive Committee.

ARTICLE XXIII.

Vacancies.

Any vacancy occurring in the Board of Directors (other than a vacancy created by an increase in the number of Directors, which is governed by Article IX of these Bylaws) may be filled for the unexpired term by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors, but vacancies in the Board of Directors may be filled for the unexpired term by the Shareholders having voting power at a meeting called for that purpose, unless such vacancy shall have been filled by the Directors.

If the office of any officer or agent, one or more, becomes vacant by reason of death, resignation, removal, disqualification or otherwise, the Directors may, by a majority vote, choose a successor or successors who shall hold office for the unexpired term. The foregoing provisions are, however, subject to Paragraph 6 of Article VI of the Articles of Incorporation of the Corporation as amended.

ARTICLE XXIV.

Capital Stock.

The amount of capital stock, and of each class thereof, shall be as fixed in the Articles of Incorporation or in any lawful amendments thereto and the votes of the Corporation from time to time.

ARTICLE XXV.

Certificates of Stock.

Every Shareholder shall be entitled to a certificate or certificates representing shares of the capital stock of the Corporation in such form, complying with law as may be prescribed by the Board of Directors, duly numbered and sealed with the corporate seal of the Corporation and setting forth the number and kind of shares to which such Shareholder is

entitled. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. The Board of Directors may also appoint one or more Transfer Agents and/or Registrars for its stock of any class or classes and may require stock certificates to be countersigned by one or more of them. If certificates representing shares of capital stock of this Corporation are signed by a Transfer Agent and by a Registrar, the signatures thereon of the President or a Vice President and the Secretary or an Assistant Secretary of this Corporation, may be facsimiles, engraved or printed. Any provisions of these Bylaws with reference to the signing of stock certificates shall include, in cases above permitted, such facsimile signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates, shall cease to be such officer or officers of this Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by this Corporation, such certificate or certificates may nevertheless be adopted by the Board of Directors of this Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of this Corporation. Any stock certificates bearing facsimile signatures of officers of this Corporation, as above provided, may also bear a facsimile of the seal of this Corporation.

ARTICLE XXVI.

Transfer of Stock.

Shares of stock may be transferred by delivery of the certificate accompanied either by an assignment in writing on the back of the certificate or by a written power of attorney to sell, assign and transfer the same signed by the person appearing by the certificate to be the owner of the shares represented thereby. No transfer shall affect the right of the Corporation to pay any dividend due upon the stock, or to treat the holder of record as the holder in fact, until such transfer is recorded upon the books of the Corporation or a new certificate is issued to the person to whom it has been so transferred. It shall be the duty of every Shareholder to notify the Corporation of his post office address.

ARTICLE XXVII.

Transfer Books.

The Board of Directors shall have power to close the stock transfer books of this Corporation for a period not

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exceeding 50 days preceding the date of any meeting of shareholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date, not exceeding 50 days preceding the date of any meeting of shareholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of this Corporation after any such record date fixed as aforesaid.

ARTICLE XXVIII.

Loss of Certificates.

In case of the loss, mutilation or destruction of a certificate representing shares of stock, a duplicate certificate may be issued upon such terms as the Board of Directors may prescribe.

ARTICLE XXIX.

Seal.

The seal of this Corporation shall consist of a flat-faced circular die with the words and figures "GULF STATES UTILITIES COMPANY CORPORATE SEAL 1925 TEXAS" cut or engraved thereon.

ARTICLE XXX.

Books and Records.

Unless otherwise expressly required by the laws of the State of Texas, the books and the records of the Corporation may be kept outside of the State of Texas at such place or places as may be designated from time to time by the Board of Directors.

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ARTICLE XXXI.

Amendments.

These Bylaws may be amended, added to, altered or repealed by the Board of Directors of the Company. In the event of any such amendment, alteration or repeal of these bylaws by the Board of Directors, the notice of the Annual Meeting of the Shareholders which shall thereafter first be sent to the Shareholders shall state that the Bylaws have been so amended, added to, altered or repealed and shall describe or set forth or be accompanied by statement describing or setting forth such amendment, addition, alteration or the text of any article which has been repealed. Notwithstanding anything hereinabove contained, these Bylaws may be amended, added to, altered or repealed at any Annual or Special Meeting of the Shareholders by vote in either case of a majority of the voting power of the shares of the capital stock issued and outstanding and entitled to vote in respect thereof, unless the question is one upon which by express provisions of law or of the Articles of Incorporation or of these Bylaws a larger or different vote is required, in which case such express provision shall govern and control the decision of such question, provided, however, that notice is given in the call of said meeting that an amendment, addition, alteration or repeal is to be acted upon.

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EXHIBIT D
(FPC)

GULF STATES UTILITIES COMPANY

Draft of proposed resolutions of the board of directors of Gulf States Utilities Company authorizing the issue and sale of $30,000,000 Principal Amount of First Mortgage Bonds, _____% Series A due 2000.

"RESOLVED, that this Company accept the bid, submitted on the Form of Bid supplied by the Company, of ________________________ ________________________, as representative of the several purchasers named in Exhibit A to said Form of Bid, to purchase severally and not jointly for the accounts of such purchasers the principal amount of First Mortgage Bonds, _____% Series A due 2000 of this Company, set forth opposite their respective names in said Exhibit A (adjusted, if necessary in compliance with Section 3 of the Public Invitation for Bids) aggregating $30,000,000 principal amount, at a price of _____% of the principal amount thereof, plus accrued interest thereon from December 1, 1970 to the date of delivery thereof; whereupon, such bid and the Terms of Purchase annexed to said Form of Bid as Exhibit B and setting forth the terms and conditions upon which the Company is to sell and said purchasers are to purchase said $30,000,000 principal amount of bonds upon acceptance of the aforesaid bid, shall become effective and collectively constitute the Bond Purchase Contract, as set forth in Section 8 of the Public Invitation for Bids and in Paragraph 4 of said Form of Bid, between the Company and said purchasers with regard to the aforesaid sale and purchase of $30,000,000 principal amount of bonds of the Company.

RESOLVED, that the president, any vice president, or the secretary of this Company be and he hereby is authorized and directed to execute the acceptance of the bid referred to in the preceding resolution, whereupon such bid and the Terms of Purchase annexed thereto as Exhibit B, collectively constituting the Bond Purchase Contract, shall become effective as set forth in the preceding resolution.

RESOLVED, that the proper officers of this Company be and they hereby are authorized and directed to take all such action as may be necessary or desirable in order to carry out the intent and purpose of the two foregoing resolutions.

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RESOLVED, that, subject to any necessary action by the Federal
... Commission and Securities and Exchange Commission, this Company
...e, sell and deliver the bonds to the several purchasers thereof
...ed in Exhibit A to said Form of Bid dated December 9, 1970, here-
...fore at this meeting authorized to be accepted, in accordance with
... terms thereof and upon receipt from such purchasers of the afore-
...d price for said bonds; and the proper officers of this Company be
... they hereby are authorized, empowered and directed to take any and
... such action and to do any and all such things as may be deemed by
...e officers or any one or more of them to be necessary or desirable
...ffectuate and carry out the terms and provisions of these resolutions
... the Bond Purchase Contract, in accordance with the terms thereof."

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EXHIBIT E
(FPC)

GULF STATES UTILITIES COMPANY

The Names, Titles and Addresses of
Principal Officers of Applicant

Name	Title	Address
...i R. Smith	President and Principal Executive Officer	P. O. Box 29[illegible] Beaumont, Texas 777[illegible]
...l L. Adams	Senior Vice President	P. O. Box 29[illegible]1 Beaumont, Texas [illegible]
...rman R. Lee	Senior Vice President	P. O. Box 2951 Beaumont, Texas 77704
...nel V. Dugas	Vice President	P. O. Box 2951 Beaumont, Texas 77704
...rold E. Mortimer	Vice President	P. O. Box 2951 Beaumont, Texas 77704
...seph R. Murphy	Vice President	P. O. Box 2431 Baton Rouge, Louisiana 70821
...erome M. Stokes	Vice President-Finance and Secretary	P. O. Box 2951 Beaumont, Texas 77704
...gar L. Bailey	Treasurer	P. O. Box 2951 Beaumont, Texas 77704

CERTIFIED AS CORRECT:

By [signature]
J. M. Stokes
Vice President-Finance
and Secretary

OCT 12 9 17 AM '77

ORGAIN, B... TUCKER
ATTOR... LAW
BEA... TEXAS

EXHIBIT R 30
(FPC)

October 9, 1970

Gulf States Utilities Company
285 Liberty Avenue
Beaumont, Texas 77701

OCT 12 1970

Gentlemen:

Application to the Federal Power Commission for
Authorization of the Issuance of
First Mortgage Bonds

Reference is made to the Application of your Company (hereinafter called the "Company") under Section 204(a) of the Federal Power Act which is to be filed with the Federal Power Commission for authorization of the issuance of $30,000,000 principal amount of First Mortgage Bonds, _____% Series A due 2000 (hereinafter called "Bonds"). The Bonds are to be issued pursuant to a Twenty-ninth Supplemental Indenture to the Indenture of Mortgage dated September 1, 1926, as heretofore supplemented and modified (hereinafter called the "Indenture").

We understand that the Company will file a Registration Statement with the Securities and Exchange Commission, that the Company expects the Registration Statement to become effective for the purpose of the invitation for bids for the purchase of the Bonds, and that after bids are received, the Company proposes to execute an acceptance of the Bid submitted by the successful bidder or bidders for the Bonds, and to file a Post-Effective Amendment to the Registration Statement, which will name the Underwriters of the Bonds, fix the interest rate to be borne by the Bonds, the designation of the Series, the price to the Company for the Bonds, the public offering price thereof, if any, and otherwise complete said Registration Statement for the purpose of the public offering.

We also understand that the Company proposes to use the proceeds from the issuance of such Bonds for proper corporate purposes, namely, the

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purposes set forth in response to Item J of the aforesaid Application, and which are necessary, appropriate and consistent with the proper performance by the Company of services as a public utility.

Relying, as to matters of Louisiana law, upon the opinion of Messrs. Taylor, Porter, Brooks & Phillips of even date herewith, we, as Counsel for the Company, advise as follows:

1. The Company was duly incorporated and now is a validly existing corporation under the laws of the State of Texas, and has full power and authority under the laws of said State and of the State of Louisiana to hold and operate the properties described in the aforesaid Application.

2. When the requisite authorization has been obtained from the Federal Power Commission and the Registration Statement, which will be filed with the Securities and Exchange Commission, has by such Commission been permitted to become effective, no other action, consent or approval of any Governmental authority (other than in connection or in compliance with the provisions of Securities or Blue Sky laws) will be requisite to the legal creation, issuance and delivery of the Bonds described in the aforesaid application to the Federal Power Commission; and other than the usual filing fees, there are no taxes or fees payable in the State of Texas or in the State of Louisiana in connection with the creation of said Bonds, or their initial issuance.

3. When the requirements of the regulatory bodies above referred to shall have been satisfied, the Board of Directors of the Company shall have taken action (in the form which we have examined and approved) authorizing the issuance and sale of said Bonds, the Twenty-ninth Supplemental Indenture, supplementing the Indenture, shall have been executed, and the Bonds have been issued and sold in accordance with the corporate and Governmental authorization aforesaid, said Bonds will have been properly issued and will, in the hands of the holders thereof, be valid and legal outstanding obligations of the Company, secured by the aforesaid Indenture as amended and modified.

The State of Texas has no utility regulatory body with jurisdiction over the issuance of securities of the Company and no other Federal or

C O P Y

ORGAIN, BELL & TUCKER
ATTORNEYS AT LAW
BEAUMONT, TEXAS
77701

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...States Utilities Company

...3

...State regulatory body has jurisdiction over the issuance of the Bonds for the issuance of which you have filed the aforesaid Application to the Federal Power Commission. The issuance of said securities, for the approval of which you have made such Application, will not impair the Company's ability to perform services as a public utility.

We hereby consent to be named in the aforesaid Application to the Federal Power Commission as Counsel for the Company, to the making of the statements set forth in Items "M", "N" and "O" of your said Application, and to the filing of this opinion as an exhibit to said Application.

Very truly yours,

Orgain, Bell & Tucker

ORGAIN, BELL & TUCKER

BDO/k

EXHIBIT F-2
(FPC)

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TAYLOR, PORTER, BROOKS & PHILLIPS
ATTORNEYS AT LAW
LOUISIANA NATIONAL BANK BUILDING
POST OFFICE BOX 2471
BATON ROUGE, LOUISIANA 70821
TELEPHONE (504) 348-3221

BENJAMIN B. TAYLOR (1883-1959)
CHARLES VERNON PORTER (1885-1957)
WILLIAM C. RANDOLPH
OF COUNSEL

October 9, 1970

Gulf States Utilities Company
285 Liberty Avenue
Beaumont, Texas 77701

OCT 12 9 15 AM '70
FEDERAL POWER COMMISSION
RECEIVED

Gentlemen: APPLICATION TO THE FEDERAL POWER COMMISSION FOR AUTHORIZATION OF THE ISSUANCE OF FIRST MORTGAGE BONDS

Reference is made to the application of your Company (hereinafter sometimes called the "Company") under Section 204(a) of the Federal Power Act, which is to be filed with the Federal Power Commission for authorization of the issuance of $30,000,000 principal amount of First Mortgage Bonds, ______% Series A due 2000 (hereinafter called "Bonds"). The Bonds are to be issued pursuant to a Twenty-ninth Supplemental Indenture to the Indenture of Mortgage dated September 1, 1926, as heretofore supplemented and modified.

We understand that the Company will file a Registration Statement with the Securities and Exchange Commission, that the Company expects the Registration Statement to become effective for the purpose of the invitation for bids for the purchase of the Bonds, and that after bids are received, the Company proposes to execute an acceptance of the bid submitted by the successful bidder or bidders for the Bonds, and file a Post-Effective Amendment to the Registration Statement, which will name the Underwriters of the Bonds, fix the interest rate to be borne by the Bonds, the designation of the Series, the price to the Company for the Bonds, the public offering price thereof, if any, and otherwise complete said Registration Statement for the purpose of the public offering.

As Counsel for the Company, we advise you that the Company is duly qualified to carry on business as a foreign corporation in the State of Louisiana, and

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-2-Gulf States Utilities Company

neither the Louisiana Public Service Commission nor any other Governmental authority in the State of Louisiana has any jurisdiction over the issuance of securities by the Company (other than in connection with or in compliance with the provisions of the Securities or Blue Sky Laws).

We hereby consent to be named in the aforesaid Application to the Federal Power Commission as Counsel for the Company, to the making of the statements set forth in Items "M", "N", and "O", insofar as same relate to matters of Louisiana law, and to the filing of this opinion as an exhibit to your said Application.

Yours very truly,

Taylor Porter Brooks & Phillips

TAYLOR, PORTER, BROOKS AND PHILLIPS

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EXHIBIT G
(FPC)

GULF STATES UTILITIES COMPANY

Statement as of August 31, 1970 of
the Measure of Control or Ownership
Exercised By or Over the Company

No person, firm or corporation holds as much as 10% of the total issued and outstanding shares of the capital stock of the Company having voting privileges.

The Company is not a member of a holding company system and has no intercorporate relationships except the ownership by it of all of the outstanding stock of its subsidiary, Varibus Corporation, a Texas corporation. Such subsidiary is not a public utility, bank, trust company, banking association, underwriter or participant in the marketing of securities of a public utility, or supplier of electric equipment to the Company.

CERTIFIED AS CORRECT:

By [signature]
J. M. Stokes
Vice President-Finance
and Secretary

GULF STATES UTILITIES COMPANY
BALANCE SHEET
August 31, 1970 and Pro forma

	Assets and Other Debits	Before Transaction Actual
	UTILITY AND OTHER PLANT	
[illegible], 105, [illegible] & 118	Utility and other plant	$1,050,447,392
	Less Accumulated provision for depreciation Accounts 108 and 119	(200,836,588)
	Total utility and other plant less accumulated provision for depreciation	849,610,804
	OTHER PROPERTY AND INVESTMENTS	
121	Nonutility property, at cost	750,872
123	Investments in Associated Companies	100,000
124	Other investments, at cost	322,548
	Total other property and investments	1,173,420
	CURRENT AND ACCRUED ASSETS	
131	Cash	5,168,799
134	Other special deposits	2,360,487
135	Working funds	165,395
	Receivables:	
142 & 143	Customer and other accounts receivable	25,358,742
	Total receivables	25,358,742
	Less Accumulated provision for uncollectible Account 144	(280,031)
	Net receivables	25,078,711
151-159, & 163	Materials and supplies	5,657,582
165	Prepayments	2,856,398
	Total current and accrued assets	41,287,372
	DEFERRED DEBITS	
181	Unamortized debt discount and expense	434,911
183	Preliminary survey and investigation charges	228,794
184	Clearing accounts	(4,512)
186	Miscellaneous deferred debits	1,762,741
	Total deferred debits	2,421,934
	Total assets and other debits	$ 894,493,530

The appended notes are an integral part of this balance sheet.
(1 thru 4) - See adjustments on Exhibit H, Pages 6 and 7.

BALANCE SHEET
August 31, 1970 and Pro forma
(Continued)

	Liabilities and Other Credits	Before Transacti[on] Actual
	PROPRIETARY CAPITAL	
	Common stock issued	
01	Preferred stock issued	$147,299,7
04	Premium on capital stock	82,500,0
07	Unappropriated retained earnings (Note A)	600,2
215	Total proprietary capital	109,984,5
		340,384,5
	LONG-TERM DEBT	
221	Bonds (Notes B & C)	416,000,0
	Less: Reacquired bonds Account 222 (Note C)	(375,0
	Total long-term debt	415,625,0
	CURRENT AND ACCRUED LIABILITIES	
231	Notes payable	39,460,6
232	Accounts payable	6,883,7
235	Customers' deposits	1,507,6
236	Taxes accrued	14,588,7
237	Interest accrued	4,409,6
238	Dividends declared	6,672,3
241	Tax collections payable	(37,4
242	Miscellaneous current and accrued liabilities	3,113,4
	Total current and accrued liabilities	76,598,5
	DEFERRED CREDITS	
251	Unamortized premium on debt	1,312,8
252	Customers' advances for construction	45,6
255	Accumulated deferred investment tax credit (Note D)	12,362,3
253	Other deferred credits	195,4
	Total deferred credits	13,916,3
	OPERATING RESERVES	
261	Property insurance reserve	1,334,0
262	Injuries and damages reserve	223,0
	Total operating reserves	1,557,0
	CONTRIBUTIONS IN AID OF CONSTRUCTION	
271	Contributions in aid of construction	2,330,8
	Total contributions in aid of construction	2,330,8
	ACCUMULATED DEFERRED INCOME TAXES (Note E)	
281	Accumulated deferred income taxes - Accelerated amortization	3,932,0
282	Accumulated deferred income taxes - Liberalized depreciation	40,148,8
	Total accumulated deferred income taxes	44,080,9
	Total liabilities and other credits	$894,493,5

The appended notes are an integral part of this balance sheet.
(1 thru 4) - See adjustments on Exhibit H, Pages 6 and 7.

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GULF STATES UTILITIES COMPANY
CLASSIFICATION OF UTILITY AND OTHER PLANT
AS OF AUGUST 31, 1970

Description	Amount
Electric Plant:	
Electric Plant in Service:	
Intangible Plant	$ 13,104
Steam Production Plant	276,70[illegible],860
Transmission Plant	218,514,265
Distribution Plant	247,34[illegible],515
General Plant	19,841,130
Total Electric Plant in Service	762,419,874
Electric Plant Held for Future Use	808,818
Construction Work in Progress	217,784,686
Total Electric Plant	$ 981,013,378
Steam Products Plant:	
Steam Products Plant in Service:	
Production Plant	$ 47,833,027
Distribution Plant	3,600,260
General Plant	40,366
Total Steam Products Plant in Service	51,473,653
Construction Work in Progress	610,757
Total Steam Products Plant	$ 52,084,410
Gas Plant:	
Gas Plant in Service:	
Intangible Plant	$ 103,164
Distribution Plant	17,011,686
General Plant	156,840
Total Gas Plant in Service	17,271,690
Construction Work in Progress	77,914
Total Gas Plant	$ 17,349,604
Total Utility and Other Plant	$1,050,447,392

Note: Cost of jointly used facilities is included in the plant account of the department on the basis of predominant use.

EXHIBIT F
Page 4

R

GULF STATES UTILITIES COMPANY
CLASSIFICATION OF ACCUMULATED PROVISION
FOR DEPRECIATION APPLICABLE
TO UTILITY AND OTHER PLANT
AS OF AUGUST 31, 1970

Description		Amount
Accumulated provision for depreciation of electric plant		$169,241,257
Accumulated provision for depreciation applicable to other plant:		
Steam products department	$27,280,351	
Gas department	4,314,980	31,595,331
Total accumulated provision for depreciation applicable to utility and other plant		$200,836,588

Note:
Cost of jointly used facilities and the related accumulated provision for depreciation are included in the department on the basis of predominant use.

GULF STATES UTILITIES COMPANY
NOTES TO BALANCE SHEET

Under restrictions imposed by the Company's Articles of Incorporation, unappropriated retained earnings unrestricted as to payment of cash dividends on common stock amounted to $77,964,114 at August 31, 1970.

Excludes $1,000,000 principal amount 2-5/8% bonds, nominally issued and held in Treasury.

The Debentures bear interest at 4-5/8% and are due October 1, 1981. The Trust Indenture requires annual redemption of $375,000 principal amount through 1980.

Amounts equal to the reductions in Federal income taxes resulting from investment tax credits are being charged to income and concurrently credited to deferred credits. The Company is amortizing the deferred credits over the useful lives of the related properties.

The Company has amortized, for Federal income tax purposes, $16,300,191 of the cost of certain facilities and also has adopted accelerated methods of computing depreciation for Federal income tax purposes for eligible property additions. Pursuant to Regulatory Commission order, amounts equal to the reductions in tax are being charged to income and concurrently credited to accumulated deferred Federal income taxes. Under such order, upon expiration of the periods of tax deferment, the amounts accumulated are being used to offset the provision for Federal income taxes in amounts equivalent to the related increases in such taxes.

GULF STATES UTILITIES COMPANY
ADJUSTMENTS TO BALANCE SHEET
Adjustments to Actual Before Proposed Transactions

EXHIBIT H
Page 9

(1)

Dividends declared	$ 6,672,359	
Cr: Cash		$ 6,672,359

To record the payment of quarterly dividends on September 15, 1970.

(2)

Dr: Cash	$15,539,399	
Cr: Notes Payable		$15,539,399

To record the issuance of unsecured short-term notes and commercial paper in the aggregate net principal amount of $15,539,399 between the period of [illegible]ber 1, 1970, and December 16, 1970, immediately prior to the sale.

R

GULF STATES UTILITIES COMPANY
ADJUSTMENTS TO BALANCE SHEET
Adjustments to Record Proposed Transactions
(Continued)

(3)

Dr: Cash	$30,000,000	
Cr: Long-Term Debt - Bonds		$30,000,000

To record the issuance of $30,000,000 principal amount of New Bonds based upon the assumed net proceeds from the sale. The estimated premium to be received, if any, and the estimated expenses to be incurred cannot now be determined.

(4)

Dr: Notes Payable	$30,000,000	
Cr: Cash		$30,000,000

To record the payment of $30,000,000 principal amount of unsecured short-term notes and/or commercial paper, representing a portion of the $55,000,000 short-term instruments estimated to be outstanding immediately prior to the proposed transactions by use of proceeds from the sale of the New Bonds.

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL POWER COMMISSION

Gulf States Utilities Company	)))	Docket No. E-7567

PROTEST AND PETITION TO INTERVENE
BY CITIES OF LAFAYETTE AND PLAQUEMINE, LOUISIANA

The Cities of Lafayette and Plaquemine, Louisiana, ("The Cities") hereby (i) protest the application of Gulf States Utilities Company ("Gulf States") filed October 12, 1970 for an order authorizing the issuance of $30,000,000 principal amount First Mortgage Bonds due in the year 2000; (ii) petition to intervene as a party in this matter; and (iii) request formal hearings.

I

The names of the petitioners are the Cities of Lafayette, Louisiana, and Plaquemine, Louisiana.

II

The names, titles and addresses of the persons to whom communications concerning this petition should be addressed are:

George Spiegel, Esq.
Robert C. McDiarmid, Esq.
Counsel for Petitioners
2600 Virginia Avenue, N.W.
Washington, D. C. 20037

K 33

James W. Bean, Esq.
City Attorney
P. O. Box 2336
Lafayette, Louisiana 70501

The Honorable J. Rayburn Bertrand
Office of the Mayor
Lafayette, Louisiana 70501

The Honorable Harry Gallagher
Mayor of the City of Plaquemine
Plaquemine, Louisiana 70764

III

Gulf States has applied, under Section 204 of the Federal Power Act, for authority to issue $30,000,000 principal amount First Mortgage Bonds. Section 204(a), provides:

> "No public utility shall issue any security, or assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another person, unless and until, and then only to the extent that, upon application by the public utility, the Commission by order authorizes such issue or assumption of liability. The Commission shall make such order only if it finds that such issue or assumption (a) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and (b) is reasonably necessary or appropriate for such purposes. The provisions of this section shall be effective six months after this Part takes effect."

Section 204(b) provides:

> "The Commission, after opportunity for hearing, may grant any application under this section in whole or in

part, and with such modifications and upon such terms and conditions as it may find necessary or appropriate, and may from time to time, after opportunity for hearing and for good cause shown, make such supplemental orders in the premises as it may find necessary or appropriate, and may by any such supplemental order modify the provisions of any previous order as to the particular purposes, uses, and extent to which, or the conditions under which, any security so theretofore authorized or the proceeds thereof may be applied, subject always to the requirements of subsection (a) of this section."

Thus, the Commission is empowered to authorize the issuance of securities by a public utility ". . . only if it finds that such issue . . . is for some lawful object . . . and compatible with the public interest, [and] is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility . . . ." (Sec. 204 (a)). Moreover, if the Commission finds it appropriate, it may condition its authorization to eliminate unlawful practices of the company or those inconsistent with the public interest.

The Cities view the activities of Gulf States, in concert with Louisiana Power and Light Company (LP&L), a wholly owned subsidiary of Middle South Utilities, Inc., and Central Louisiana Electric Company ("CLECO"), as apparently violative of the anti-trust laws, Section 10h of the Federal Power Act, and the Public Utility Holding Company Act of 1935. These activities, which would, in effect, be financed or refinanced by the bonds here proposed to be issued are, in the view of the Cities, an unlawful object, incompatible

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with the public interest, and neither necessary nor appropriate for, nor consistant with, the proper performance by the applicant of service as a public utility. Consequently, the Cities oppose the grant of the requested authorization unless and until Gulf States purges itself of these past violations, or unless the Commission conditions its authorization upon the taking of such actions.

Many of the activities involved have been outlined in testimony given on behalf of the National Rural Electric Cooperative Association to the Senate Antitrust Subcommittee, a copy of which is attached hereto as Appendix A. The Cities, together with Dow Chemical Company ("DOW") and Louisiana Electric Cooperative, Inc. ("LEC"), a generation and transmission cooperative financed by the Rural Electrification Administration, executed an Interconnection and Pooling Agreement dated August 6, 1968 providing for the interconnection of their generating systems and a long-term power pooling and coordination arrangement for a minimum of 10 years. The agreement was approved by the REA Administrator on November 19, 1968 pursuant to the loan contract between LEC and REA. A copy of this pool agreement is attached as Appendix B. Under this program, LEC would construct its first station of 200 MW

and this and future LEC units would be pooled and coordinated with the expansion of the existing generating facilities of the Cities and Dow.

Both Lafayette and Plaquemine have independent generating resources and the executed power pool agreement provides long-term benefits for the economic expansion of their systems and the reliability of their power supplies. Plaquemine is interconnected with LP&L and Lafayette is interconnected with CLECO, but the pool agreement adds important economic benefits not available under the existing interconnection agreements.

Under the proposed pool, there would be coordinated planning for the serving of the load requirements of the LEC members, the Cities and Dow. Each system would be assured of a 4-system market for all its surplus capacity and secondary energy, and agreements would be reached under which individual systems would size and time the construction of new generators in the best interests of the total pool market, although each individual system would remain responsible for providing adequate power supply for its own loads by generation expansion or purchase of power. The pool would provide back-up for each system, and there would be economy energy exchanges among the pool members. The parties to the pool agreement contemplated that the pool could be expanded by the addition of electric companies.

Gulf States, in combination with LP&L and CLECO, which are interconnected with each other, are taking concerted action to extinguish this LEC pool. This is illustrated by their actions in July 1969: The REA Administrator sought to arrange for the use of the companies' transmission lines, as a substitute for the REA-financed transmission lines which, under the pool agreement, will serve the dual functions of transmission of LEC power to its member retail cooperatives and transmission of pool power between pool members. In response, the three companies proposed to supply transmission services to some of the LEC members, but refused to provide transmission between pool members. On the contrary, they stated their demand and condition, that "LEC agrees to take all necessary steps to cancel, extinguish and terminate" the LEC pool agreement. (See proposed Power Sales and Transmission Agreement, 7/17/69, Article XV, Sec. 4, Appendix C hereto). Evidently the companies regarded their demand as being of an actionable nature, because the contract proposal continues as follows:

> "Further, LEC agrees to save and hold the Companies harmless from any claims of whatever nature arising out of or resulting from the aforesaid cancellation, execution and termination of said Pooling and Interchange Agreement."

Thus, for example, were the Companies held liable for treble damages for the extinction of the pool, the Companies in turn would seek to

recover their damages from LEC and LEC might be financially destroyed in the process.

Such destruction of LEC would serve what appears to be a long-range objective of the three companies. This is demonstrated by the history of the extraordinary litigation mounted by the three companies against LEC during the period 1964 through 1970. The history of this litigation is summarized in the testimony of the National Rural Electric Cooperative Association before the Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, U. S. Senate, June 10, 1970, pages 3-7; (Appendix A hereto).

Another example of the tactics used by Gulf States and the other Companies to impede the development of LEC is set forth in a letter to the Federal Power Commission by an attorney, William C. Wise, dated March 24, 1969 (Appendix D hereto). The letter complains in effect that Gulf States was refusing to provide facilities needed to adequately serve one of the LEC member cooperatives unless the cooperative would sign a 10-year contract which would disable it from purchasing power from LEC. The letter points out that (p. 2):

> "Gulf States' representatives have been most candid in admitting that it was exerting every effort to prevent a generation and transmission system being built by Louisiana Electric Cooperative, Inc., of

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> which the Cooperative is a member, and that it would not cooperate in meeting the needs of the Cooperative until the G&T had been killed."

The July 17, 1969, three-company proposal, discussed above, contained other important restrictions on LEC which would not only block LEC's operation under the pool agreement, but also hamstring LEC itself. The agreement would last until 1992 (Article XIV). LEC's 200 MW steam generating station could supply power to only 4 of its 12 members (Art. I, Sec. 7; Art. II; Exh. A). Any capacity excess to the four selected distributor cooperatives must be sold to the Companies (Art. VI, Sec. 1), thus prohibiting such sale to the Cities or Dow as contemplated by the LEC Pool Agreement. All power and energy required by the four members in excess of LEC's station would be supplied exclusively by the Companies (Art. II). This would accomplish the following: (i) prevent LEC from expanding its plant to serve its members' load; (ii) eliminate the coordination of additional LEC generating units with other members of the LEC Pool; and (iii) remove the LEC member cooperative market from the pool operations, including potential sales by the Cities into this market. The proposed agreement also would give the three companies collectively the exclusive right to transmit LEC power and energy to the member cooperatives, and to allocate that business among themselves.

It would appear that this collective action may violate Section 10h and the antitrust laws in many ways. The Companies appear to combine or conspire in restraint of trade to force a halt to LEC's development; to expand or obtain monopolies in transmission and generation; to obtain captive markets which they would allocate among themselves on an exclusive basis; and, among other things, to destroy an advantageous pool agreement of the Cities and Dow.

The proposal of July 17, 1969 was not accepted but became the basis for continued negotiations between the three companies acting collectively, LEC, and the REA Administrator. Evidently, relying upon the July 17th proposal, the Administrator has withheld from LEC the funds necessary to construct LEC's transmission system. LEC evidently felt constrained to continue negotiations because construction of its generating station was already underway, and the station will be useless, and the REA generation loan funds will be jeopardized, unless arrangements are made for transmitting this generation. The Cities, unwilling to do business on the basis proposed by the Companies, have not participated in such negotiations with the Companies. The negotiations continued for over a year. Throughout the negotiations the

three companies have acted in concert in support of their proposals and demands, as though they were a single entity, and there has been no competition between the three companies in respect to any aspect of LEC or pool business. Meanwhile, so much time has expired in negotiations that, were the REA Administrator to release the transmission funds, it is doubtful that the transmission system could be constructed and completed by the time of commercial operation of the LEC generating station. LEC has thus been rendered practically defenseless.

The three companies presented their latest proposal on August 10, 1970. There are a number of individual changes, but the overall format remains generally the same as the July 17, 1969 proposal. The minimum term ends in 1982 (Art. XII). Some rates and charges have been reduced. The agreement would provide that the Companies would take over LEC's sale to Dow of secondary energy during a four-year period, and they would sell such energy directly to Dow during hours when LEC's 200 MW generating station is operating and would otherwise be capable of supplying such secondary energy (Art. IX, Sec. 9.3). All the other obnoxious features noted above remain, with the exception that there has been eliminated the

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requirement that LEC indemnify the three companies for any damages resulting from liability for causing the extinction of the LEC pool agreement.

The Companies are also proposing separate arrangements with each of the Cities, and Dow, under which some of the first four-year pool economic benefits would be obtained by these Cities, but only at the price of the extinction of the long-term pool and coordination arrangement. Since this arrangement is of separate and substantial value to the Cities, they cannot consider these separate proposals as satisfactory alternatives to the pool. 1/

The participation of Gulf States in this apparent combination or conspiracy, as well as its individual actions, appear to be inconsistent with and violate the Federal Power Act and the antitrust laws. Under these circumstances, the Commission must not authorize bond issues which would allow Gulf States to reap the fruits of its illegal actions. cf. Northern Natural Gas Co. v. FPC,

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1/ The statement by NRECA that "the pooling arrangement . . . will, to a major degree be honored by the Companies" is incorrect (Appendix A, p. 10). This can be explained by the fact that NRECA's spokesman had not seen a copy of the proposal (id. page 9).

399 F.2d 953 (D.C. Cir. 1968).[2]

The way in which Gulf States' transmission and generating facilities are constructed further the apparently unlawful objectives involved. Therefore, the financing cannot be approved unless conditioned upon the cessation of the apparently unlawful actions and the establishment of a program which will rectify the damage which has already been done. Unless Gulf States will consent to such condition, establishing the original pool or its equivalent, obviously the application will have to be set down for hearing on this matter, and the Cities hereby so request.

V

For the foregoing reasons the Petitioners request that they be admitted as full parties to this proceeding; that the

2/ See also SEC v. New England Electric System, 384 U.S. 176 (1966); SEC v. New England Electric System, 390 U.S. 182-185 (1968); Municipal Electric Ass'n of Mass. v. SEC, 413 F.2d 1052 (D.C. Cir. 1969); and Municipal Electric Ass'n of Mass. v. SEC, 419 F.2d 757 (D.C. Cir. 1969).

It should be noted that the Public Utility Holding Company Act must be read in close conjunction with Part II of the Federal Power Act, as these two grants of jurisdiction were parts of the same Act as passed by Congress.

application for authorization be set for hearing, and that the Commission take such other action as it may herein deem appropriate.

Respectfully submitted,

George Spiegel

Robert C. McDiarmid

Attorneys for Petitioners

November 2, 1970

Law Offices of:

George Spiegel
2600 Virginia Avenue, N.W.
Washington, D. C. 20037

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VERIFICATION

DISTRICT OF COLUMBIA, SS:

George Spiegel, being first duly sworn, deposes and says that he is an attorney for the Cities of Lafayette and Plaquemine, Louisiana; and that as such he has signed the foregoing Protest and Petition to Intervene by Cities of Lafayette and Plaquemine, Louisiana, for and on behalf of said parties; that he is authorized so to do; that he has read said document and is familiar with the contents thereof; and that the matters and things therein set forth are true and correct to the best of his knowledge, information and belief.

George Spiegel

Subscribed and sworn to before

me this 2nd day of November, 1970.

[illegible]

Notary Public

My commission expires: [illegible]

ATTACHMENTS TO PROTEST AND PETITION TO
INTERVENE BY CITIES OF LAFAYETTE AND
PLAQUEMINE, LOUISIANA

Appendix A - Statement of National Rural Electric Cooperative Association before Subcommittee on Anti-Trust and Monopoly, Committee on the Judiciary U. S. Senate, June 10, 1970

Appendix B - Interconnection and Pooling Agreement among the Cities of Lafayette and Plaquemine, Louisiana; The Dow Chemical Company; and Louisiana Electric Cooperative, dated August 6, 1968

Appendix C - Draft of Power Sales and Transmission Agreement Between Central Louisiana Electric Company, Inc., Pineville, Louisiana; Gulf States Utilities Company, Beaumont, Texas; Louisiana Power & Light Company, New Orleans, Louisiana; and Louisiana Electric Cooperative, Inc.

Appendix D - Letter dated March 24, 1969 to Federal Power Commission from William C. Wise representing Jefferson David Cooperative, Inc.

STATEMENT OF NATIONAL RURAL
ELECTRIC COOPERATIVE ASSOCIATION
BEFORE SUBCOMMITTEE ON ANTI-TRUST
& MONOPOLY, COMMITTEE ON THE JUDICIARY
U.S. SENATE June 10, 1970

Mr. Chairman & Members Of The Subcommittee

My name is Charles A. Robinson, Jr. I am Staff Counsel To The General Manager of the National Rural Electric Cooperative Association (NRECA). NRECA is the national service organization of REA financed electric systems; which now provide central station electric service to some 24 million people in 46 states. These systems have constructed 44% of all electric distribution lines in the country to serve 8% of its electric consumers representing about 5% of industry sales. Their facilities are spread across 2,578 of the nation's 3,072 counties. More than 94% of all REA financed electric systems are members of NRECA. Such membership is entirely voluntary.

Rural electric systems generate only 22% of their total wholesale energy requirements. Most of the remainder is purchased from investor owned power companies (32%) and from Federal wholesale power marketing agencies such as TVA, the Bonneville Power Administration and the Bureau of Reclamation (39%).

The investor owned power companies sell electricity not only at wholesale to the cooperatives, but also, of course, at retail to their own ultimate consumers. They are, therefore, in many cases, competing at retail with the same rural electric systems to which they sell energy at wholesale.

Wholesale power cost represents 40% of all rural electric system

operating expenses. Therefore, if the companies can maintain the wholesale rate to cooperatives at a high level; or if they can impose restrictive conditions on its availability, such as limiting its use to serve large loads or charging a higher wholesale rate for such of it as is used by the cooperative to serve large loads, the companies can place the cooperatives under intense economic pressure, pirate their consumers and invade the territories in which they provide service. Some companies have, by such means, abused their dominant industry position in what has been an apparent effort to drive the cooperatives out of business, and, thereby achieve an even greater degree of dominance. Other companies have engaged in similar territorial and customer pirating tactics wholly aside from any wholesale power supply relationship.

Historically, the answer to this type of company imposed economic oppression has been construction by the cooperatives of their own generating plants and transmission lines financed with REA loans; so called G-T systems. The G-T phase has traditionally been the most bitterly contested and controversial aspect of the REA program; apparently because it is the vehicle by which the cooperatives achieve economic independence.

This independence rests not so much on actual construction of REA financed G-T plants, which constitute only 1.3% of the industry's total installed capacity, but rather upon knowledge by the power companies that

loans for this purpose are available and will be approved by REA unless the distribution cooperatives are able to obtain wholesale energy from alternate sources at reasonable rates and upon equitable terms and conditions.

For their part, those companies which have traditionally taken a "hard line" toward the cooperatives, have counter-attacked against the G-T with every conceivable means. These efforts by the companies against REA financed generation and transmission are exerted individually, in concert with other companies and sometimes in concert with other businesses. They involve legal, political, legislative and public relations activity at all levels; local, state and national. One of the most recent outstanding examples of concerted company activity against REA financed generation and transmission involves Louisiana Electric Cooperative (LEC). LEC is a cooperative corporation organized in Louisiana for the purpose of generating electricity in wholesale quanities and transmitting it to REA financed distribution cooperatives.

On September 12, 1964, the REA Administrator approved a $56.5 million loan to LEC for construction of a 200,000 Kw. generating station and 1,611 miles of transmission line; by which LEC was to provide lower cost wholesale energy supply for eight distribution cooperatives. The Administrator approved the loan to LEC not only because it would provide lower cost wholesale power than otherwise available, but also because the investor owned companies then providing such service were engaged

in pirating cooperative consumers, duplicating cooperative lines and building facilities to serve new loads which developed in territory previously served by the cooperatives. Prior to approving the G-T loan, the REA Administrator attempted to obtain agreement from the companies to respect the integrity of territory served by the cooperatives. This, the companies refused.

Two weeks after the September 12, 1964 LEC loan was approved, Central Louisiana Electric Company, soon thereafter joined by Louisiana Power & Light Company and Gulf States Utilities Company filed an action in the U.S. District Court for the Western District of Louisiana seeking temporary and permanent injunctions against LEC and its agents, and against the REA Administrator, to prohibit any and all actions in effectuation of the loan. A temporary injunction was issued by the District Court on November 18, 1964 (57 PUR3d 222, 236 F Supp 271). After additional protracted litigation, this injunction was reversed and dissolved by the Fifth Circuit Court of Appeals on January 13, 1966, the appeals court holding, in accord with a long line of similar cases, that the plantiff companies had no standing to maintain the action. See 63 PUR3d 154, 354 F2d 859. The companies, however, petitioned the U.S. Supreme Court for a writ of certiorari which was denied on October 10, 1966 (385 US 815, 87 S Ct. 34).

Meantime, beginning on September 30, 1964, the same group of companies plus Southwestern Electric Power Company had jointly, and simultaneously with the Federal action, sought an injunction from

the Louisiana Public Service Commission barring expenditure by LEC of any G-T loan funds until it had first obtained a certificate of convenience and necessity from the PSC. On September 25, 1967 the Louisiana PSC decided, after two sets of proceedings, that no such certificate was required (71 PUR3d 247) and dismissed the case. This decision was appealed by the companies and affirmed on January 20, 1969 by the Supreme Court of Louisiana (78 PUR3d 209, 218 So 2d 592).

The REA Administrator now seemed free to advance loan funds. However, the same company, Central Louisiana Electric Company, had, on October 17, 1968, filed a new complaint in the U.S. District Court for the Western District of Louisiana, asking for a new restraining order which was granted on December 12, 1968 notwithstanding the prior reversal of an essentially similar order by the 5th Circuit. Acting for REA, the Department of Justice then asked the 5th Circuit for either a dissolution of the new restraining order or a writ of prohibition. The temporary restraint was again dissolved by the 5th Circuit; the Court holding this time that "granting of a further restraining order by the District Court would, in our view, be improvident". (C.A. 5 Order (No. 27097) 12-12-68. The companies, on December 23, 1968, asked that a Justice of the U.S. Supreme Court stay the dissolution. On December 24, 1969, Justice Fortas refused, and initial funds were advanced on the loan which had originally been approved five years earlier.

Seven days thereafter, on December 31, 1968, attorneys for Gulf

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States Utilities Company, one of the companies involved in the previous litigation, filed a derivative type action in Federal Court against Dixie Electric Membership Corporation, one of the distribution cooperatives to be served by LEC, LEC itself, and the REA Administrator; claiming to represent a group of the cooperative consumers and asserting that participation by Dixie in LEC was unlawful. The trial court dismissed this action. The 5th Circuit affirmed (K. O. Sibley et al v. REA et al 419 F2d 384, 1969) and the U.S. Supreme Court denied certiorari on June 1, 1970.

Two months later, attorneys for a second one of the subject group of companies, Louisiana Power & Light Company, filed a second derivative type action; this time in the state courts of Louisiana against N.E. Louisiana Power Cooperative and LEC, again asserting that participation by N.E. in LEC was unlawful. This action was removed to Federal court by the defendants where it still rests. The 5th Circuit, I am advised, has suggested that Judge Ben Dawkins, Jr., Chief Judge of the Western District of Louisiana, who signed the two earlier temporary injunctions, not handle this case.

Still another case was filed by one of the same companies in December of 1968; this one against Jefferson Davis Electric Cooperative by Gulf States Utilities Company in the state courts of Louisiana. Here, the company seeks to have the courts rather than the Public Service Commission apply the Louisiana Public Service Commission statute to

REA financed systems, The Supreme Court of Louisiana had previously, it will be recalled, held in several cases that the PSC itself had no jurisdiction over the cooperatives (218 So 2d 592, 78 PUR3d 209) (72 PUR3d 175; 205 So 2d 389 (1968)). This case against Jefferson Davis Electric Cooperative was also dismissed by the trial court, and is on appeal before the Supreme Court of Louisiana.

During all of this litigation, and up until the past year, the same companies conducted an active lobbying campaign in the Congress against appropriation of G-T loan funds and in the state legislature against passage of legislation which would grant the cooperatives legally protected service areas.

They also engaged in a strong statewide public relations campaign to discredit the REA program in the eyes of the public and more particularly to bestir public opinion against LEC. This campaign included radio, television, newspaper and magazine advertising.

Because of the long delay occasioned by the multitudinous litigation initiated by the investor owned power companies of Louisiana, the REA Administrator was prevented from advancing funds to LEC until December of 1969, more than five years after the loan was approved on September 12, 1964. In January, 1970, a new Administrator, David A. Hamil, of Colorado assumed the reins at REA.

Mr. Hamil found himself faced with a most difficult situation with

respect to LEC. Rural power loads in Louisiana had grown. The 200,000 Kw. generating station, originally capable of serving eight distribution cooperatives, could now only supply four. The $56.5 million loan, originally adequate to complete the project, had been eroded by inflation and the need for a heavier system to serve bigger loads. Mr. Hamil decided to continue advancing loan funds for the generating station, but not for building the cooperative transmission lines. He strongly urged LEC to negotiate for transmission service with the same companies which had kept it in court for five years at a cost to LEC of some $250,000.

Thus, the companies and cooperatives first met in a negotiating session initiated by Mr. Hamil on July 24, 1969, in New Orleans. At that meeting the cooperatives were presented with a draft contract jointly proposed by and bearing the names of Central Louisiana Electric Company, Gulf States Utilities Company and Louisiana Power & Light Company, dated July 17, 1969. It was an extremely restrictive proposal which would have:

(1) Prohibited LEC from serving any load except four of the original eight distribution cooperatives.

(2) Prohibited LEC from providing any wholesale service to any municipal system, and required LEC to cancel previously executed pooling contracts with Dow Chemical Company and the Cities of Lafayette & Plaquemine; and to hold the companies harmless from damages arising from such cancellation.

(3) Required LEC to sell all surplus power exclusively to the companies and buy from the companies exclusively all power needed to serve the four coops, above the plant capability.

(4) Required LEC to use company transmission exclusively.

(5) Granted the company an unqualified privilege of

(6) Required the cooperatives to support territorial legislation protection which largely benefited the companies, and gave the companies the right to cancel if such was not enacted at the Session of the legislature during which it was introduced.

The parties thereafter met on several occasions. The cooperatives were of the opinion that substantial progress was being achieved, and on December 10, 1969, the companies presented a new contract proposal. Except for one minor improvement, the new proposal was in all major respects equally as restrictive as the first, and, in addition, expressly provided that if LEC ever constructed another generating unit, it would have to be at the site of the original unit (New Roads, La.) or at another site acceptable to the companies, must be of a size agreed to by the companies and the companies would be granted a first refusal on all excess energy. This proposal was also offered jointly by the same three companies.

Meantime another year had gone by and the legal and economic pressure on LEC continued.

Although I have not seen a copy of it, I am advised that early in 1970 REA itself prepared a draft contract which was approved by LEC and submitted to the companies. The three companies (Central Louisiana Electric Company, Gulf States Utilities Company and Louisiana Power & Light Company) did not accept the REA draft, but countered with a third draft proposal of their own, dated April 28, 1970.

Although substantial matters remain to be resolved, it now appears that the three power companies and LEC will reach agreement under a twelve year contract by which the twelve REA financed electric systems in Louisiana will purchase wholesale energy at a rate only slightly higher than that which the cooperatives estimate would have been available, had they been allowed to build their own transmission system. Also, the pooling arrangement between LEC, Dow Chemical and the municipalities of Plaquemine and Lafayette will, to a major degree be honored by the companies. The companies and LEC are jointly requesting the Louisiana Legislature to enact reasonably equitable territorial legislation which the companies claimed to be unconstitutional when originally proposed in 1962 by the cooperatives and the REA Administrator.

Whereas this compromise will apparently be accepted by LEC and its member distribution cooperatives, such acceptance has been achieved not pursuant to any voluntary act of the cooperative people, but rather has eventuated from five years of concerted and repeated legal attack by the companies in the State and Federal courts and from the strongest type of concerted legislative and public relations offensive. Through this type of campaign, the three companies have achieved their real objective of preventing construction of a competing generation and transmission system in Louisiana.

Even under the compromise arrangement, all transmission service for LEC generating units will be provided by the companies; thereby isolating

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them. All surplus energy must be sold to the companies and all capacity required by LEC above its plant capacity must be purchased from the companies. LEC will operate a captive plant.

The facts surrounding LEC are not unique. Essentially similar adventures have beset REA financed G-T systems in Colorado, Mississippi, Indiana, Maryland, Virginia, and Alabama. In some cases the cooperative G-T system has been totally stopped by state commission or court action. In other cases, the G-T has been delayed but, nonetheless, completed. In all cases, the attack has come from the investor owned power companies which claim total capability to supply all present and future needs for electricity. From this premise, which presently possesses somewhat less than total credibility due to voltage reductions and brownouts, these companies proceed, by a route the logic of which escapes me, to the conclusion that no generation or transmission facilities which are not under their ownership should exist.

It is the position of NRECA that non-duplicative competition in the electric utility business is healthy and that affirmative efforts by the power companies, which control 76% of the nation's generation, to suppress competition ought to be delcared unlawful if they are not already so.

One means of balancing the competitive scale between investor owned and other types of electric systems would be to give the consumer owned segment of the industry an effective weapon for counter attack. For instance, Section 204 of the Federal Power Act requires FPC approval for the issuance

by any jurisdictional electric system of any securities not subject to state regulation. It has been frequently suggested that this Section be amended to apply to all securities so issued, without regard to state regulation, and that it be further amended to expressly prohibit any such issuance if in the view of FPC the facilities to be constructed would tend to create or continue a situation inconsistent with the anti-trust laws.

Consumer owned electric systems, or the Attorney General of the U.S., given the privilege of intervening in such proceedings, could then use this statutory declaration to bring about a more balanced competitive picture in the industry.

We very much appreciate this opportunity to express our views on these matters.

* * * *

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U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Louisiana 30 Bayou

THE WITHIN Interconnection and Pooling Agreement among the Cities of Lafayette and Plaquemine, Louisiana; The Dow Chemical Company; and Louisiana Electric Cooperative, dated August 6, 1968

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE PURPOSES OF SUCH CONTRACT.

[illegible signature]
FOR THE ADMINISTRATOR

DATED
NOV 19 1968

R8

June 20, 1968

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INTERCONNECTION

AND

POOLING AGREEMENT

THIS AGREEMENT made this 6 day of August, 1968 among the Cities of Lafayette, Louisiana (hereinafter referred to as Lafayette) and Plaquemine, Louisiana (hereinafter referred to as Plaquemine); The Dow Chemical Company (hereinafter referred to as Dow) a Delaware Corporation; and the Louisiana Electric Cooperative (hereinafter referred to as LEC), a non-profit Louisiana Corporation.

WITNESSETH:

0.01 WHEREAS, Dow owns and operates an industrial plant in the vicinity of Plaquemine, Louisiana, which includes a large electric generating plant to supply steam and electricity for its operations; and

0.02 WHEREAS, Lafayette and Plaquemine own and operate municipal electric systems, including electrical generating facilities; and

0.03 WHEREAS, LEC is a federated cooperative, the members of which are electric distribution cooperatives, and plans to build, own and operate electrical generating and transmission facilities to supply the power requirements of its members; and

0.04 WHEREAS, LEC's electric transmission system will traverse territory in close proximity to the electrical generating facilities of the Parties to this Agreement; and

0.05 WHEREAS, the other Parties to this Agreement now own or intend to construct and own transmission substations and lines which will permit interconnection with LEC; and

0.06 WHEREAS, the generating facilities of the individual Parties will not at all times be required for supplying their respective requirements; and

0.07 WHEREAS, all parties to this Agreement can effect economies in investment and operating costs by operating their respective systems and facilities in a coordinated manner;

NOW, THEREFORE, in consideration of the mutual understandings herein contained, the parties agree as follows:

ARTICLE I: OBJECTIVES

1.01 The objectives of this Agreement are to promote and encourage coordination in the planning and the operation of the systems of the Parties to the maximum practical extent, and to provide a means whereby the Parties may realize and share in the mutual benefits which can be obtained by such coordination of planning and operation.

ARTICLE II: DEFINITIONS

For the purposes of this Agreement, the following definitions shall apply:

2.01 Power Supplier shall mean any properly organized body which owns and operates electrical generating facilities for service to the public or to its members.

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2.02 Party shall mean any Power Supplier that is a signatory to this Agreement, and Dow.

2.03 Capacity shall mean the kilowatt availability or output capacity of an electrical generating plant or interconnected system of generating plants.

2.04 Energy shall mean usable kilowatt hours from an electrical generating plant or interconnected system of generating plants.

2.05 Firm Power shall mean Capacity and Energy which is intended to be continuously available.

2.06 Surplus Power shall mean Capacity and Energy on a Party's electrical generating system which is in excess of its Annual System Demand and Reserve Capacity Obligation and which is available for sale or is sold to one or more Parties on the basis that it is to be continuously available for a specified period but without the Seller assuming any Reserve Capacity Obligation with respect thereto.

2.07 Secondary Energy shall mean Energy from generating capacity not otherwise being utilized to generate Energy, and which is made available for a specified period on the basis that it can be interrupted instantaneously under the circumstances authorized by this Agreement.

2.08 Economy Energy shall mean Energy from generating capacity of a Party not otherwise being utilized which is made available to another party for the purpose of replacing, and to the extent that it does replace, Generating Capacity of the purchasing Party. The purpose of Economy Energy transfers is to enable the purchasing Party to realize savings by reducing or avoiding high cost generation from its own generating units.

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2.09 Emergency Outage shall mean any unanticipated, unscheduled breakdown in the availability of generating or transmission facilities.

2.10 Emergency Energy shall mean energy which is supplied by one Party to another Party as a result of an Emergency Outage affecting the ability of such other Party to carry its loads.

2.11 Scheduled Outage shall mean any shutdown of generating or transmission facilities for maintenance or testing purposes, which is scheduled in advance and coordinated by the Operating Committee.

2.12 Scheduled Outage Energy shall mean energy which is supplied by one Party to another Party as a result of a Scheduled Outage.

2.13 System Demand of a Party shall mean the number of kilowatts equal to the net number of kilowatt hours required in any clock hour (after deducting the receipts of Secondary Energy and Firm Power during such hour) for the supply of Energy to the Party's own system load, including system losses and Firm Power sold to others but excluding station use and Surplus Power deliveries to another Party. In the case of Dow, the System Demand shall be the amount obtained as above provided, divided by (1+R), where R equals the Reserve Capacity Obligation of Dow as percent of load divided by 100 if Dow's Reserve Capacity Obligation was fulfilled on an interruptible basis during such hour.

2.14 Monthly System Demand of a Party shall mean its highest System Demand occuring during a calendar month.

2.15 Annual System Demand of a Party shall mean its highest Monthly System Demand occuring during a calendar year.

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2.16 Generating Capacity of a Party shall mean its demonstrated four (4) hour sustained power output in kilowatts at the time the integrated peak demand on the combined systems of all Parties occurs during a calendar year, less the power (kilowatts) required to operate the auxiliaries of the unit or units included in the four (4) hour rating of capability. Purchased Surplus Power shall be included in the total of the Generating Capacity of the Purchasing Party.

2.17 Reserve Capacity of a Party shall mean the excess in kilowatts of such Party's Generating Capacity over the sum of such Party's Annual System Demand and the Surplus Power Committed to other Parties.

2.18 Reserve Capacity Obligation of a Party shall be 15% of its Annual System Demand or such other amount as the Parties shall from time to time agree. In the case of Dow, that part of its Generating Capacity serving certain production loads which Dow can and will drop instantanteously when required for pool reliability purposes (hereinafter referred to as "Interruptible Loads"), shall be considered as available to meet its reserve Capacity Obligation.

2.19 Spinning Reserve of a Party shall mean that part of a Party's Generating Capacity which is unloaded and rotating in synchronization with the interconnected systems of the Parties and which, in the event of an emergency outage, is capable of promptly picking up load in an amount not less than such Party's Spinning Reserve Obligation, together with that part of its Generating Capacity which is loaded as a result of sales of Secondary Energy to Dow.

In the case of Dow, that part of Dow's Generating Capacity serving Interruptible Loads shall be considered as available to meet its Spinning Reserve Obligation.

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2.20 Spinning Reserve Obligation of a Party shall mean the amount of Spinning Reserve such Party is obligated to maintain in accordance with the directions of the Operating Committee. No Party shall be obligated to supply more Spinning Reserve than the amount of its Reserve Capacity Obligation.

2.21 System Capacity Responsibility of a Party shall mean the Generating Capacity required to meet the sum of a Party's Annual System Demand, its Surplus Power committed to other Parties, and its Reserve Capacity Obligation.

2.22 Transmission Capacity shall mean the amount of power (kilowatts) that can be effectively moved from one point to another point over a circuit.

2.23 Wheeling shall mean the use of the transmission system of any of the Parties for the movement of energy from the system of one Party to the system of another Party.

ARTICLE III: FACILITIES TO BE PROVIDED

3.01 The points of interconnection between the Parties and the equipment and facilities to be installed by them are set forth in the Facilities Schedules attached hereto and made a part hereof. The respective Parties shall install such facilities with all reasonable dispatch, and installation shall be so coordinated that the facilities of Lafayette, Plaquemine and Dow shall be completed no later than the completion of LEC's transmission facilities.

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3.02 It is recognized that from time to time changes will be required in the Facilities Schedule in order to meet the intent and requirements of this Agreement. Such changes will be accomplished by amending the Facilities Schedule or by adding new schedules, subject to concurrence of the Parties.

3.03 Subject to reasonable notice and compliance with other reasonable rules of the affected Party, authorized employees and agents of any of the Parties shall have the right of access, ingress and egress to the property of a Party at all reasonable times for the purpose of installing, testing, inspecting, repairing, replacing or removing equipment as provided for in this Agreement or as may be necessary to comply with the objective of this Agreement.

ARTICLE IV: SERVICE RESPONSIBILITIES

4.01 Each Party shall maintain at all times sufficient Generating Capacity to meet its System Capacity Responsibility. The required amounts of such Generating Capacity shall be maintained by additions, as necessary, to the Party's generating facilities or by the purchase of Surplus Power. The Parties shall jointly plan and coordinate the addition of generating and transmission facilities to the pool system in an optimum manner. It is contemplated that when a Party agrees in accordance with such joint plans to install additional generating capacity which will make available quantities of Surplus Power, the Parties shall enter into supplementary agreements for the purchase and sale of blocks of such Surplus Power for the periods in which they are expected to be available.

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4.02 The Pool Dispatcher shall have overall responsibility for coordination of the operation of the interconnected systems of the Parties under the direction of the Operating Committee. LEC's dispatcher shall serve as the Pool Dispatcher.

4.03 Each Party shall exercise due diligence, reasonable care and foresight to carry out its obligations under this Agreement, but shall not be considered to have failed in said obligations by reason of service interruptions or curtailments or other inability to furnish service occasioned by an Uncontrollable Force, as hereinafter defined. Such service interruptions and curtailments or inability to furnish service shall not constitute a breach of this Agreement.

4.04 The aggregate amounts of Spinning Reserve to be maintained at any time to meet the requirements for the pool and the contribution of each Party thereto shall be as determined by the Operating Committee, subject to the limitations hereinabove set forth.

4.05 In case of an emergency, any Party, upon direction of the Pool Dispatcher, shall supply Emergency Energy to another Party up to the full extent of its available generating capacity, including both hot and cold standby generating units. The duration of the emergency shall be the time necessary to complete the necessary repairs and/or replacement in an expeditious manner. The Party suffering an emergency outage shall utilize its own generating facilities to the extent available to replace generating capacity out of service due to the emergency.

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4.06 If it appears that a Party's emergency outage will continue for an extended period of time, the Pool Dispatcher shall schedule the startup of sufficient available generating facilities in the Pool, in the order of greatest economy, to enable the interconnected facilities to serve all their loads. Should this result in one or more Parties carrying a disproportionate burden, the Operating Committee may recommend, and the Parties shall make, equitable contribution in order to remedy such disproportion.

4.07 Any Party, at the direction of the Pool Dispatcher, shall supply Scheduled Outage Energy to another Party up to the full extend of its available Generating Capacity, except that required to meet its Spinning Reserve Obligation, provided that the responsibility of supplying Scheduled Outage Energy shall be so allocated as to minimize interruptions or curtailments of loads. Schedules of outages shall be prearranged with the Pool Dispatcher in a manner set forth by the Operating Committee.

4.08 In the interest of optimum pool economy, each Party shall endeavor to purchase and use energy available on the systems of the other Parties to the extent it can economically utilize such energy, and each Party having unused capacity at any time which is available for generating energy shall produce and sell such energy when desired by another Party. Unless otherwise agreed by the Parties, all sales of Capacity and/or Energy between Parties shall be of the classes defined in this Agreement.

4.09 Dow agrees to purchase all tendered Secondary Energy which, in its judgment, it can use to its economic advantage and the other Parties shall tender to Dow all Secondary Energy available on their respective systems. In the last quarter of each calendar year, the Operating Committee shall develop as closely as possible agreed schedules of delivery of Secondary Energy for ensuing calendar periods.

4.10 The systems of the Parties shall be operated on a continuously interconnected basis under normal system conditions, and the Parties shall cooperate in keeping the frequency of the interconnected systems of the Parties at 60 cycles per second as closely as is practicable, in keeping the interchange of energy between the systems of the Parties as closely as is practicable to the scheduled amounts, and in maintaining mutually satisfactory voltage levels. Each Party shall be responsible for meeting the volt-ampere reactive requirements of its system but volt-amperes reactive current may be interchanged between systems from time-to-time, subject to agreement between authorized representatives of the Parties, when benefit to one system may be gained thereby without causing hardship to another system.

4.11 The systems of the Parties shall normally be so designed, maintained and operated as to minimize, in accordance with good practice, the likelihood of a disturbance originating in the system of one Party causing impairment to the service of the system of any other Party or of any other system with which the systems of the Parties are interconnected.

4.12 It is recognized that unintentional flows of energy between interconnected systems will occur because of the impossibility of continuously controlling generation to exactly equal the load. Therefore, it shall be the responsibility of each Party to maintain the net energy flowing into and out of its system during each hour so that deliveries are, as nearly as practicable, equal to the net scheduled amount. The difference between the net scheduled deliveries and the actual net deliveries shall be balanced out in kind in accordance with principles and practices established by the Operating Committee.

4.13 In the event that a Party's projected System Demands indicate that it will be unable to meet its Reserve Capacity Obligation, such Party shall immediately arrange for the purchase of Surplus Power or Firm Power in an amount sufficient to enable it to fulfill its Reserve Capacity Obligation.

4.14 To assure that there will be an adequate amount of Spinning Reserve on the systems of the Parties, the Pool Dispatcher is designated as the Spinning Reserve Coordinator, and shall be responsible, under the direction of the Operating Committee, for designating the extent and manner of maintaining adequate Spinning Reserve at all times.

4.15 The Parties shall install, operate and maintain, or cause to be installed, operated and maintained, on their respective systems, such equipment as may be required to afford a coordinated communication system between the dispatchers of the Parties and the Pool Dispatcher. The respective obligations of the Parties with respect to such facilities are set forth in the Facilities Schedule.

ARTICLE V: ORGANIZATION OF OPERATING COMMITTEE

5.01 The coordination of all power pool operations and activities shall be carried on under the direction of an Operating Committee.

5.02 The Operating Committee shall consist of a representative of each of the Parties, designated by such party as its authorized representative on such Committee. Each Party shall also designate an alternate who may substitute for the representative in his absence.

5.03 Each Party shall evidence appointments to the Operating Committee by written notice to the other Parties hereto and by similar notice any Party may at any time change its representative or alternate on such Committee.

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5.04 Each member of the above Committee shall have the option of inviting another member of his organization, or others, as his advisors to attend meetings of the Committee.

5.05 The expenses of each member of the above Committee and of his advisors shall be borne by the Party he represents.

5.06 Expenses incurred by the Operating Committee in addition to those hereinabove mentioned shall, unless otherwise agreed, be shared by dividing 20% of the year's expense equally between the Parties, and dividing 80% among the Parties in that proportion which each Party's Annual System Demand bears to the sum of the Annual System Demands of all Parties. LEC shall make all payments in connection with such expenses and shall bill the Parties for their respective shares.

5.07 The Operating Committee shall select annually one of its members to act as Chairman, it being the intent that the office of Chairman be rotated. Another member shall act as secretary.

5.08 Minutes of all Committee meetings shall be kept by the Secretary and copies thereof furnished promptly to each Party.

5.09 The Operating Committee may by unanimous action adopt or amend its own rules of procedure. Such rules may provide for action on prescribed matters or classes of matters by majority vote. The Operating Committee shall take no action inconsistent with the provisions of this Agreement.

ARTICLE VI: DUTIES OF THE OPERATING COMMITTEE

6.01 The Operating Committee shall develop and follow and also recommend to the Parties such uniform practices, rules, and procedures as may be required to coordinate the planning and operations of the systems of the Parties so as to optimize economy operations and reliability of service.

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6.02 The Operating Committee shall hold regularly scheduled meetings at least twice annually following the summer and winter peak load periods of the Parties and at other times upon call of the Chairman or any member. At lease five (5) days' written notice shall be given to each member of the Operating Commiteee of any meeting of such Committee, whenever possible.

6.03 The Operating Committee periodically shall review the System Demand and Generating Capacity forecasts of the Parties. Each Party shall supply to the members of the Operating Committee, at least one month in advance of the regularly scheduled semiannual meeting of the Committee, its Monthly System Demand and Generating Capacity forecast, in such form as the Operating Committee may specify, for a period of at least five years in advance or for such other period in advance as the Operating Committee may specify.

6.04 The Operating Committee shall estimate the System Capacity Responsibility for each Party for a period of five years in advance and, if in the light of experienced loads or if otherwise appropriate, shall revise such estimate prior to the summer peak load each year. In estimating System Capacity Responsibility, forecasted system demand shall be based on the best available information.

6.05 The Operating Committee shall estimate the Generating Capacity of each Party as of the effective date of this Agreement and as often thereafter as any substantial change may occur. The Operating Comittee also shall review each Party's Generating Capacity at least semiannually, and at any other time upon the written request of a Party, and any appropriate changes resulting from such review shall be made.

6.06 The Operating Committee will arrange for or conduct such transmission network studies of the systems of the Parties as may be required to (a) determine the effect of planned additional generating units and the effect of planned additional transmission and interconnection facilities, (b) furnish data for studies on the most efficient utilization of all generating capacity in the combined systems, and (c) perform its other duties hereunder.

6.07 In making such studies, the Operating Committee shall give consideration to the size and anticipated rate of growth of each Party's load, the size of each Party's largest generating unit, the Reserve Capacity of each Party, the possibilities of equitable staggering of future investments by the Parties in generating and transmission facilities, and other relevant factors.

6.08 The Operating Committee shall coordinate the maintenance schedules of the Parties so as to maintain at all times an adequate amount of operable generating capacity on the combined system. Any Party requiring Scheduled Outage Energy shall follow the schedules and procedures prescribed by the Operating Committee for obtaining such energy.

6.09 The Operating Committee shall recommend procedures to be followed by the Parties in restoring the Spinning Reserves of the interconnected systems in the event of a large generator failure or other comparable contingency. Such procedures shall be reviewed periodically by the Operating Committee.

6.10 The Operating Committee shall collect and process statistical data, operating data and other information which it believes will be of assistance to the Parties.

6.11 The Operating Committee also shall perform such other duties as may be prescribed by the Parties.

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ARTICLE VII: METERING

7.01 All metering equipment required for recording the interchanges or deliveries of power and energy between the systems of the Parties shall be maintained by the Party owning such metering equipment, in accordance with good practice in the industry.

7.02 Should any such metering equipment at any time fail to register, or should the registration thereof be so erratic as to be meaningless or unreliable, the power and energy delivered shall be determined from the best information available.

7.03 Meters owned by the Parties at points of interconnection with each other shall be tested and inspected semiannually. The meter shall be inspected and tested within 60 days after installation and after a change of instrument transformers. The owner of the meter shall bear the expense of the meter test and inspection. Additional tests and inspection of meters shall be made whenever reasonably requested by another party, such requesting Party to bear the expense of the additional tests and inspection when the meter is found to be in error by one percent or less. The Party owning the meter shall give reasonable advance notice of all tests and inspections so that representatives of the other party may be present. If any test or inspection of a meter shows it to be inaccurate by more than one percent fast or slow, an adjustment in deliveries shall be made during the following month to adjust for amounts by which the meters were shown to have been in error for the preceding period of inaccuracy. If the period of inaccuracy is not known, it shall be assumed to be one-half the interval since the last preceding test. The meter or other equipment found to be inaccurate or defective shall be promptly repaired, adjusted or replaced.

7.04 It is recognized by the Parties that power and energy will be integrated with power and energy from generating facilities owned by others, and each party may have interconnection and exchange agreements with other power systems. Accordingly, the flow of power and energy between the systems of the Parties and the interconnected systems of others will in part be controlled by the physical and electrical characteristics of such systems, and power and energy purchased, sold or exchanged under this Agrement may flow through any or all of such interconnected systems. In order to account for the power and energy purchased, sold or exchanged under this Agreement the Parties shall, by mutual agreement, from time to time, determine methods and take appropriate action to establish accounting and operating procedures to be followed in calculating the amounts of power and energy delivered and received by each.

7.05 It is recognized that the flow of electric power and energy between the interconnected systems of the parties hereto will not be completely within the control of the parties, but will in part be controlled by the electrical characteristics of such systems and the manner in which they are operated. It is further recognized that by reason of such characteristics and operations, the delivery of electric power and energy may vary from scheduled deliveries, and that power and energy may be exchanged inadvertently. The parties shall operate their generation, transmission and related facilities in such manner, consistent with their other power commitments as to follow as closely as practicable to the scheduled delivery and receipt of electric power and energy, but the inadvertent delivery of power and energy in excess of or less than the amounts scheduled shall not constitute a breach of this Agreement. Such inadvertent deviations from schedule shall be balanced off by the Parties as soon as practicable in the subsequent deliveries and receipts of power and energy and under load conditions reasonably comparable to those existing at

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the time said inadvertent deviations occured. No charge shall be made by either Party for inadvertent deliveries or for power and energy delivered to balance off the same.

ARTICLE VIII: RECORDS

8.01 The Parties shall keep such log sheets and other records specified by the Operating Committee as may be needed to afford a clear history of the various movements of power and energy between the systems of the Parties involved. The originals of all records shall be open to inspection by representatives of the Parties concerned and by the Operating Committee.

8.02 Each Party shall furnish to the Operating Committee appropriate data from meter registrations and from other sources on such time bases as are determined by the Operating Committee when such data is needed for settlements, special tests, operating records, or for other purposes consistent with the objectives hereof. As promptly as practicable after the end of each month, each Party shall render to the other Parties statements setting forth appropriate data from meter registrations and other sources in such detail and with such segregation as may be needed for operating records and for settlements hereunder.

ARTICLE IX: BILLINGS AND PAYMENTS

9.01 All charges for power and energy shall be as set forth in the Service Schedule which is attached hereto and hereby made a part of this Agreement.

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9.02 All bills for services supplied pursuant to this Agreement shall be rendered monthly by the supplying Party to the purchasing Party, not later than fifteen (15) days after the end of the period to which such bills are applicable. Unless otherwise agreed upon by the Operating Committee, such periods shall be from 12:01 A.M. of the first day of one month to 12:01 A.M. of the first day of the succeeding month. Bills shall be due and payable within fifteen (15) days from the date such bills are rendered and payment of net amounts shall be made when due.

ARTICLE X: UNCONTROLLABLE FORCE

10.01 A Party hereto shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. The term Uncontrollable Forces shall be deemed for the purpose hereof to mean storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care of maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, restraint by court or public authority, or other causes beyond the control of the Party affected, which such Party could not reasonably have been expected to avoid by exercise of due diligence and foresight. Any Party unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise due diligence to remove such disability with reasonable dispatch.

ARTICLE XI: APPROVALS AND TERMS

11.01 This Agreement shall be subject to any state or federal regulator bodies having jurisdiction and shall become effective upon execution by the Parties and approval of the Administrator of the Rural Electrification Administration, and shall remain in effect for ten (10) years

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from the date this agreement is approved and shall continue in effect from year to year thereafter until terminated by any Party upon at least three years written notice to the other Parties.

11.02 Notwithstanding anything to the contrary in this Agreement, in the event the Federal Power Commission, the Louisiana Public Service Commission or any other federal, state or local governmental agency formally asserts jurisdiction over Dow at any time, under present or future law or regulation, because of Dow's participation in this Agreement or because of the activities of any of the other Parties, Dow shall have the right to withdraw from this Agreement without penalty upon the giving of four (4) years written notice of such election to withdraw to each of the other parties; provided, however, that any assertion of jurisdiction by the Louisiana Public Service Commission under existing law shall be appealed by Dow and its right of withdrawal shall be postponed unless and until such assertion of jurisdiction is confirmed by decree of a competent court. Dow shall prosecute an appeal or appeals from any adverse ruling of such a court to the Supreme Court of Louisiana, and if it shall prevail in such court within any period of notice of withdrawal such notice shall thereupon be void.

11.03 Nothing contained in this Agreement shall obligate any Party:

a. To provide any facilities, other than those described in the Facilities Schedule, for which it is unable to obtain necessary financing on reasonable terms or

b. To enter into any contract or to amend or cancel any existing contract without the approval, if such approval is required, of the holder of such Party's loan contract, mortgage, or bond indenture.

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11.04 No amendments or other modifications of this Agreement, including the addition of any new party or parties, shall be made without the written consent of all the Parties.

11.05 It is distinctly understood and agreed that this Agreement in no way obligates any Party to receive electric service except as may be provided in a Supplemental Agreement. This Supplemental Agreement will be effective for a period of not more than three years with regard to the purchase by any Municipality of any electricity and for succeeding like periods thereafter as may be mutually agreed upon by the Parties.

IN WITNESS WHEREOF, the Parties hereto, pursuant to the appropriate authority of each have executed this Agreement in five counterparts as of the date first written above.

City of Plaquemine, Louisiana

Attest:

Norma H. Tillier
City Clerk

Harry K. Gallagher
Mayor

City of Lafayette, Louisiana

Attest:

City Clerk

Mayor

The Dow Chemical Company

Attest:

Asst. Secretary

President

Louisiana Electric Cooperative, Inc.

Attest:

President

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INTERCONNECTION AND POOLING AGREEMENT

SERVICE SCHEDULE

Surplus Power

Capacity:	$10.00/Year/KW of contract capacity, payable monthly
Energy:	3½ mills/KWH *
Wheeling:	$2.80/Year/KW ***

Scheduled Outage Energy

Capacity:	None
Energy:	4½ mills/KWH *
Wheeling:	None

Emergency Energy

Capacity:	None
Energy:	5½ mills/KWH *
Wheeling:	None

Economy Energy

Capacity:	None
Energy:	½ the incremental cost ** of the supplying Party plus ½ the decremental cost** of the receiving Party
Wheeling:	None

Secondary Energy

Capacity:	None
Energy:	Incremental cost ** + 0.5 mills (including 0.1 mills/KWH wheeling charge where applicable ***)
Wheeling:	(See above line)

* Fuel Cost Adjustment:

The energy portion of the rate charged for Surplus Power, Scheduled Outage Energy and Emergency Energy shall be adjusted annually to reflect changes in the weighted average fuel cost of all parties for the previous calendar year. Such increase or decrease shall be computed by dividing the total Btu's consumed by the Pool by the net kilowatt hours produced by the Pool for the same calendar year and multiplying the resultant quotient by the increase or decrease in fuel cost

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(expressed in dollars per Btu) from the weighted average fuel cost of all parties for the calendar year 1972.

** Incremental and Decremental Costs shall be determined in accordance with rules established by the Operating Committee.

*** Wheeling Charges shall be applied only for use of the transmission system of a Party which is not otherwise involved in the transaction.

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INTERCONNECTION AND POOLING AGREEMENT

FACILITIES SCHEDULE

This schedule is provided pursuant to Section 3.01 of the Interconnection and Pooling Agreement.

SECTION 1

Dow shall furnish and install the following equipment:

(1) Transformer and interconnection capacity to provide not less than its Reserve Capacity Obligation.

(2) A 161 KV Breaker at the point of interconnection with the Louisiana Electric Cooperative System.

(3) Metering on the 161 KV current transformers facilities plus metering and relaying equipment as needed to satisfy the requirements of the Operating Committee.

(4) Transmission facilities to interconnect Dow's system with the basic switching station to be built by LEC, including the necessary related equipment.

SECTION 2

LEC shall furnish and install the following equipment:

(1) A switching station, hereinafter referred to as the Plaquemine Station, at a point mutually agreed upon between Dow and LEC at or near Dow's premises at Plaquemine, Louisiana, to accomplish transmission line switching and provide space and station service to accomodate the circuit breakers to be installed by other Parties.

(2) A switching station at or near Lafayette, Louisiana, hereinafter referred to as the Lafayette Station.

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(3) A switching station, hereinafter referred to as the New Roads Station at or near the generating plant it proposes to build in the vicinity of New Roads, Louisiana.

(4) The 161 KV transmission lines and associated facilities required to interconnect the Lafayette and Plaquemine Stations with each other and with the New Roads Station.

(5) Necessary communications equipment, as specified by the Operating Committee. The cost of such facilities shall be shared, with each Party paying for the terminal facilities on its premises, and LEC paying for the remainder.

SECTION 3

Lafayette shall furnish and install the following equipment:

(1) 161 KV transmission facilities, including provision for a circuit breaker to be installed in the future, and all necessary transformers and related equipment, to interconnect the Lafayette system with a switching station to be constructed by LEC at or near Lafayette's corporate limits, at a mutually agreeable location.

SECTION 4

Plaquemine shall furnish and install the following equipment:

(1) 69 KV transmission facilities necessary to interconnect the Plaquemine system with the Plaquemine Station, including a circuit breaker at said switching station in a bay to be provided by LEC, and necessary transformers and related equipment.

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SECTION 5

Each Party shall pay for furnishing, installing, operating and maintaining the facilities and equipment which it is obligated to provide hereunder, and shall have title thereto, except as otherwise provided with respect to communications equipment.

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RESOLUTION

BE IT RESOLVED by the Board of Directors of Louisiana Electric Cooperative, Inc., that the President, A.A. Robinson, be and he is hereby authorized to execute power pooling contracts between Dow Chemical Company, the City of Lafayette and the City of Plaquemine, Louisiana.

BE IT FURTHER RESOLVED that these contracts are invalid unless approved by the Rural Electrification Administration.

CERTIFICATE

I, J.S. Robbins, the duly elected Secretary of the Louisiana Electric Cooperative, Inc., hereby certify that the above and foregoing is a true and correct copy of a resolution adopted by the Board of Directors of said corporation at the special meeting of the Board of Directors held on September 9, 1968 with a quorum present and voting therefor; that the same is still in full force and effect.

IN TESTIMONY WHEREOF witness my signature and seal of said corporation hereunto affixed at Jennings, Louisiana, on this 17th day of September, 1968.

J S Robbins

Secretary

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RESOLUTION BY THE BOARD OF TRUSTEES OF THE CITY OF LAFAYETTE AUTHORIZING THE PROPOSED INTERCONNECTION AND POOLING AGREEMENT BETWEEN LOUISIANA ELECTRIC COOPERATIVE, INCORPORATED, THE DOW CHEMICAL COMPANY, THE CITY OF PLAQUEMINE, AND THE CITY OF LAFAYETTE, LOUISIANA

BE IT RESOLVED by the Board of Trustees of the City of Lafayette, Louisiana that the City of Lafayette enter into an interconnection and pooling agreement with Louisiana Electric Cooperative, Inc., the Dow Chemical Company, and the City of Plaquemine, Louisiana, all in accordance with the terms and conditions of the contract heretofore submitted to the City of Lafayette, Louisiana.

BE IT FURTHER RESOLVED that Mayor J. Rayburn Bertrand be and he is hereby authorized to execute said agreement on behalf of the City of Lafayette, Louisiana.

RESOLUTION passed in regular session assembled this 6th day of August, 1968.

MAYOR

Mrs. Curtis A. Bertrand
CLERK

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STATE OF LOUISIANA

Parish of Lafayette

I, the undersigned, Clerk of the City of Lafayette, State of Louisiana, do hereby certify that the foregoing page constitutes a true and correct copy of a resolution of the Board of Trustees of the City of Lafayette, Louisiana, authorizing an interconnection and pooling agreement between Louisiana Electric Cooperative, Inc., the Dow Chemical Company, the City of Plaquemine and the City of Lafayette, Louisiana.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said City of Lafayette, Louisiana, this 6th day of August, 1958.

Mrs. Curtis A. Redemacher

Mrs. Curtis A. Redemacher, Clerk

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Plaquemine, Louisiana

The Mayor and Board of Selectmen of the City of Plaquemine, Iberville Parish, Louisiana, met in Special session at the City Hall, in the City of Plaquemine, on Monday, the 4th day of November, 1968, at 7:30 o'clock P.M., with the following members present:

Archie V. Callais, Selectman
Ralph J. Comeaux, Selectman
Paul T. D'Albor, Selectman
George J. Guidry, Jr., Selectman
D. J. McDuffie, Selectman

Harry K. Gallagher, Mayor

ABSENT:

After the meeting had been called to order, the roll was read with the above results, and the Clerk then presented his affidavit evidencing the giving of proper notice of the calling of the meeting to each member of the Board, which affidavit was approved and filed.

On Motion of Mr. Callais, seconded by Mr. D'Albor, the following resolution was adopted:

RESOLUTION

A RESOLUTION AMENDING THE RESOLUTION OF THE 27TH DAY OF JUNE, 1968, WHEREIN THE MAYOR OF THE CITY OF PLAQUEMINE WAS AUTHORIZED TO SIGN AN INTERCONNECTION AND POOLING AGREEMENT WITH THE CITY OF LAFAYETTE, LOUISIANA, THE DOW CHEMICAL COMPANY AND THE LOUISIANA ELECTRIC CO-OPERATIVE, INC., A COPY OF WHICH AGREEMENT WAS ATTACHED TO THE RESOLUTION AND MARKED EXHIBIT "A" FOR REFERENCE.

WHEREAS, on the 27th day of June, 1968, the Mayor of the City of Plaquemine, Louisiana, was authorized, directed and empowered to sign an Interconnection and Pooling Agreement with the City of Lafayette, Louisiana, The Dow Chemical Company and the Louisiana Electric Co-Operative, Inc., copy of which contract was attached to said resolution and marked Exhibit "A"; and

WHEREAS, in said resolution, the following paragraph was contain: :

> "NOW, THEREFORE, BE IT RESOLVED that the Mayor of the City of Plaquemine, be and he is hereby authorized, directed and empowered to sign the interconnection and pooling agreement, a copy of which is attached to this resolution, marked exhibit "A", with the City of Lafayette, Louisiana, the Dow Chemical Company and the Louisiana Electric Cooperative, binding and obligating the City of Plaquemine for a period of three (3) years and to sign a supplemental agreement for electric service which will be effective for a period of not more than three (3) years with the regard to the supply and purchase, by this municipality, of electricity, and to sign additional supplemental agreements for succeeding like periods thereafter, which are to be mutually agreed upon by the parties to this interconnection and pooling agreement."

R112

WHEREAS, Article XI. of the Interconnection and Pooling Agreement executed by the Mayor, contains the following paragraph:

"11.01 This agreement shall be subject to any state or federal regulator bodies having jurisdiction and shall become effective upon execution by the Parties and approval of the Administrator of the Rural Electrification Administration, and shall remain in effect for ten (10) years from the date this agreement is approved and shall continue in effect from year to year thereafter until terminated by any Party upon at least three years written notice to the other Parties."

WHEREAS, said Article XI. also contains the following paragraph:

"11.05 It is distinctly understood and agreed that this Agreement in no way obligates any Party to receive electric service except as may be provided in a Supplemental Agreement. This Supplemental Agreement will be effective for a period of not more than three years with regard to the purchase by any Municipality of any electricity and for succeeding like periods thereafter as may be mutually agreed upon by the Parties."

WHEREAS, Revised Statute 33:4164 of the State of Louisiana contains the following language:

Revised Statute 33:4164

"B. Municipalities may obtain water supply or electric current under contract for a time not exceeding three years from private persons on the terms and conditions agreed upon by the parties. A contract made with private persons for furnishing water or electric current for periods in excess of three years must be approved by a majority of the electors of the municipality voting at a special election for that purpose." As amended Acts 1962, No. 489, § 1.

WHEREAS, some conflict of opinion exists as to whether or not the original resolution dated 27th day of June, 1968 will permit the City of Plaquemine to enter into this Interconnection and Pooling Agreement for a period of ten (10) years as contained in Article XI. of said agreement; and

R113

WHEREAS, it is the intention of the City of Plaquemine and its Governing Authority to conform to the provisions of Revised Statute 33:4164.

NOW, THEREFORE, BE IT RESOLVED that the resolution of June 27, 1968, the fourth paragraph thereof, be and it is hereby amended to read as follows:

> NOW, THEREFORE, BE IT RESOLVED that the Mayor of the City of Plaquemine, be and he is hereby authorized, directed and empowered to sign the Interconnection and Pooling Agreement, a copy of which is attached to this resolution, marked Exhibit "A", with the City of Lafayette, Louisiana, The Dow Chemical Company and the Louisiana Electric Co-Operative, Inc., binding and obligating the City of Plaquemine for the term therein stated, and under the provisions of said contract, and to sign supplemental agreements for electric service and energy for a period of three years with regard to the supply and purchase by this municipality, of electric energy, and to sign additional supplemental agreements

be mutually agreed upon by the parties to this interconnection and pooling agreement. R 114

BE IT FURTHER RESOLVED, that notwithstanding any provision of the attached contract to the contrary, in accordance with the provisions of Louisiana Revised Statute 33:4164, the City of Plaquemine will not be bound to purchase or obtain electric energy for more than three (3) years under this agreement attached herewith or any supplemental agreements to be entered pursuant to the Interconnection and Pooling Agreement herein authorized.

BE IT FURTHER RESOLVED that all other provisions of the resolution of June 27, 1968 be and they are hereby declared to remain in full force and effect.

BE IT FURTHER RESOLVED that all actions taken by the Mayor of the City of Plaquemine, pursuant to said resolution, are hereby ratified, confirmed and adopted.

BE IT FURTHER RESOLVED that any resolution or ordinance in conflict herewith, or any provision thereof, be and the same is hereby repealed.

BE IT FURTHER RESOLVED that the Mayor of the City of Plaquemine is hereby authorized to do and perform all other acts and to sign all documents necessary to carry out the intent and purposes of this resolution.

Harry K. Gallagher
MAYOR

ATTEST:

Nell F. Haynie
CLERK

****

I, Mrs. Nell F. Haynie, hereby certify that I am the duly appointed Clerk of the City of Plaquemine, Louisiana.

I further certify that the above and foregoing is a true and correct copy of an excerpt of the minutes of the Special meeting of the Mayor and Board of Selectmen held on the 4th day of November, 1968, and of a resolution adopted at said meeting, as said minutes and resolution appear officially of record in my possession.

IN FAITH WHEREOF, witness my hand and impress of the official seal of the City of Plaquemine, Louisiana, this 4th day of November, 1968.

Nell F. Haynie
CLERK

R 115

Plaquemine, Louisiana

The Mayor and Board of Selectmen of the City of Plaquemine, Iberville Parish, Louisiana, met in special session at the City Hall, in the City of Plaquemine, on Thursday, the 27th day of June, 1965, at 7:30 o'clock P. M., with the following members present:

	Charles P. Schnebelen	, Mayor
	Archie V. Callais	, Selectman
	Carroll Fiatau	, Selectman
	Warren J. Hebert, Jr.	, Selectman
	D. J. McDuffie	, Selectman
ABSENT:	Michael R. Eby	, Selectman

After the meeting had been called to order, the roll was read with the above results, and the Clerk then presented his affidavit evidencing the giving of proper notice of the calling of the meeting to each member of the Board, which affidavit was approved and filed.

On motion of Mr. McDuffie, seconded by Mr. Callais, the following resolution was adopted:

RESOLUTION

A RESOLUTION AUTHORIZING THE MAYOR OF THE CITY OF PLAQUEMINE TO SIGN AN INTERCONNECTION AND POOLING AGREEMENT WITH THE CITY OF LAFAYETTE, LOUISIANA, THE DOW CHEMICAL COMPANY AND THE LOUISIANA ELECTRIC COOPERATIVE, A COPY OF WHICH AGREEMENT IS ATTACHED TO THE RESOLUTION AND MARKED EXHIBIT "A" FOR REFERENCE.

WHEREAS, an interconnection and pooling agreement for providing and supplying electric power has been drafted by representatives of the Cities of Plaquemine and Lafayette, the Dow Chemical Company and the Louisiana Electric Cooperative for the past several months; and,

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WHEREAS, Dow owns and operates an industrial plant in the vicinity of Plaquemine, Louisiana, which includes a large electric generating plant to supply steam and electricity for its operations, and the Cities of Lafayette and Plaquemine, Louisiana, own and operate municipal electric systems including generating facilities, and the Louisiana Electric Cooperative is a federated [illegible], the members of which are electric distribution cooperatives and plans to build, own and operate electrical generating and transmission facilities to supply the power requirements of its members; and,

WHEREAS, the purpose of this agreement is to commit each of the parties named therein and to obligate each of said parties to furnish electric generation to each of the members of the interconnection pool, both on an emergency basis and on a [illegible] basis.

NOW, THEREFORE, BE IT RESOLVED that the Mayor of the City of Plaquemine, be and he is hereby authorized, directed and empowered to sign the interconnection and pooling agreement, a copy of which is attached to this resolution, marked exhibit "A",

with the City of Lafayette, Louisiana, the Dow Chemical Company and the Louisiana Electric Cooperative, Inc., and connecting the City of Plaquemine for a period of time (1) year and to sign a supplemental agreement for electric service which will be effective for a period of not more than three (3) years with the regard to the supply and purchase, by this municipality, of electricity, and to sign additional supplemental agreements for succeeding like periods thereafter, which are to be mutually agreed upon by the parties to this interconnection and pooling agreement.

BE IT FURTHER RESOLVED that the service schedule and the facilities schedule attached to the agreement are herewith made a part of the authorization contained in this resolution, and the Mayor of the City of Plaquemine is authorized to sign or initial the service schedule and the facilities schedule attached to the interconnection and pooling agreement.

BE IT FURTHER RESOLVED that the Mayor of the City of Plaquemine is hereby authorized to do and perform all other acts and to sign all documents necessary to carry out the intent and purposes of this resolution.

Harry K. [illegible]
MAYOR

ATTEST:

Norma H. Tullier
CLERK

C E R T I F I C A T E

I, Norma H. Tullier, hereby certify that I am the duly authorized and qualified Acting Clerk of the City of Plaquemine, Louisiana.

I further certify that the above and foregoing is a true and correct copy of an excerpt of the minutes of the special meeting of the Mayor and Board of Selectmen held on the 27th day of June, 1969, and of a resolution adopted at said meeting, as said minutes and resolution appear officially of record in my possession.

IN FAITH WHEREOF, witness my hand and impress of the official seal of the City of Plaquemine, Louisiana, on this 1st day of July, 1969.

Norma H. Tullier

 NORMA H. TULLIER, ACTING CLERK

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POWER SALES AND TRANSMISSION AGREEMENT

Between

Central Louisiana Electric Company, Inc., Pineville, Louisiana

Gulf States Utilities Company, Beaumont, Texas

Louisiana Power & Light Company, New Orleans, Louisiana

and

Louisiana Electric Cooperative, Inc.

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THIS AGREEMENT, made and entered into this _____ day of _________________, by and between CENTRAL LOUISIANA ELECTRIC COMPANY, INC., Pineville, Louisiana; GULF STATES UTILITIES COMPANY, Beaumont, Texas; and LOUISIANA POWER & LIGHT COMPANY, New Orleans, Louisiana ("Companies") and LOUISIANA ELECTRIC COOPERATIVE, INC. ("LEC")

WHEREAS, the Companies are engaged, inter alia, in the business of generating, transmitting and distributing electric power and energy in and to various parts of the State of Louisiana; and

WHEREAS, the Companies are now supplying the electric service requirements of certain rural electric cooperative members of LEC; and

WHEREAS, LEC has obtained from the Rural Electrification Administration a loan to finance the construction of a 200,000 kilowatt (kw) steam electric generating plant to be located in the vicinity of New Roads, Louisiana ("New Roads Plant") and related substation facilities; and

WHEREAS, LEC proposes to provide generating capacity for some of its member cooperatives which presently purchase power from the Companies; and

WHEREAS, the Companies own and operate transmission and related facilities now serving certain of LEC's member cooperatives and are willing to construct and operate additional transmission and related facilities necessary to connect the proposed plant to the transmission system of the Companies and are willing to use such existing and proposed facilities for the transmission of LEC power and energy from

the proposed plant to LEC's member cooperatives listed on Exhibit "A"; and

WHEREAS, LEC and the Companies find it mutually advantageous to enter into a long term agreement providing for purchase and sale of power and energy, and for transmission service by the Companies for LEC's power and energy whereby a separate transmission system constructed by LEC will not be required; and

WHEREAS, in order to obtain maximum operational efficiency and the greatest economic benefit in the utilization of the respective generating facilities of the parties, the parties desire to enter into contractual arrangements which will provide for integrating the operation of the New Roads Plant with the other power sources available to the Companies.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

GENERAL DEFINITIONS

Section 1. System of Companies. Any reference to the system of the Companies shall mean the transmission and distribution lines and related facilities used by the Companies for the transmission of power and energy under this Agreement.

Section 2. Transmission Lines. Transmission lines shall be those lines operating at 69 kv and above.

Section 3. New Roads Plant. The term "New Roads Plant" shall mean the thermal-electric generating plant to be constructed by LEC at or near New Roads,

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ARTICLE I, Section 3 (con't) --

Louisiana, consisting of 2-100,000 kw units (nominal rating) together with a substation, including step-up transformer, all necessary facilities, terminals, and equipment to provide for connection to the system of the Companies.

Section 4. Billing Month. The term "Billing Month" shall mean the period between regular monthly meter readings as set forth in Article XII, Section 2.

Section 5. Points of Delivery. The term "Points of Delivery" shall mean (a) the points at which the Companies' facilities are connected to the facilities of LEC's Member Cooperatives at the locations set forth in Exhibit A, hereto, and (b) the New Roads Plant when it is out of service for maintenance or other reasons (limited to delivery of power and energy for use at New Roads Plant), through which points power and energy are delivered by Companies under this Agreement for the account of LEC.

Section 6. Uncontrollable Force. The term "Uncontrollable Force" shall mean any force which is not within the control of the party affected, and which by exercise of due diligence and foresight could not reasonably have been avoided, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, or restraint by court or public authority having jurisdiction.

Section 7. Member Cooperatives. The term "Member Cooperatives" shall mean the Cooperative Members of LEC listed in Exhibit A attached hereto.

ARTICLE I (con't) --

Section 8. Commercial Operation. Each unit of the New Roads Plant shall be deemed to be in "Commercial Operation" when the parties hereto mutually agree that such a unit is capable of producing and delivering rated output continuously and reliably. The New Roads Plant shall be deemed to be in "Commercial Operation" when the parties hereto mutually agree that both 100,000 kw units are in "Commercial Operation."

ARTICLE II

SCOPE OF AGREEMENT

During the term of this Agreement, the Companies shall deliver all of the electric power and energy necessary to fulfill the total electric service requirements of the Member Cooperatives which are set forth in Exhibit A attached hereto and made a part hereof and as it may hereafter be amended pursuant to Article XI. It is agreed that Exhibit A constitutes a specification of the delivery capacity and character of service at each Point of Delivery.

LEC shall operate the New Roads Plant as scheduled by the Companies, as provided in Article IV hereof, and deliver the schedule output into the system of the Companies.

LEC shall sell and Companies shall purchase Excess Capacity in the New Roads Plant, as defined in Article VI hereof. Power required by LEC for service to the Member Cooperatives under this Agreement at the Points of Delivery listed in Exhibit A hereto, in excess of the capability of the New Roads Plant shall be sold by the Companies and purchased by LEC, as provided in Article VII hereof.

ARTICLE II (con't) --

Accounting and compensation for power and energy as between the parties to this Agreement shall be in accordance with Article XII hereof.

ARTICLE III

CONSTRUCTION OF FACILITIES

Section 1. Construction of New Roads Plant. It is the intention of LEC that the New Roads Plant shall be completed and ready for Commercial Operation by June 1, 1972.

Section 2. Construction of Facilities for Interconnection at New Roads Plant. LEC shall provide a substation, including step-up transformer, all necessary facilities, terminals, and equipment at the New Roads Plant to permit interconnection by the Companies of the transmission lines covered by Section 3 of this Article III to LEC's bus at a voltage mutually agreeable to the parties hereto.

Section 3. Construction of Transmission Lines. The Companies shall construct, or cause to be constructed, adequate transmission lines to the point of interconnection at the New Roads Plant provided in Section 2 of this Article III. The lines shall be completed and ready for operation on or before the date the New Roads Plant is ready for start-up and testing.

Section 4. Long Range Planning. The parties hereto recognize that long range planning is essential in rendering adequate and economical electric service to customers and that such planning will be mutually beneficial to the parties in performing

their obligations under this Agreement. Therefore, the parties agree to cooperate in making studies and developing such information as may be useful in the planning of the most effective arrangement of future facilities which may be necessary.

Section 5. Adequacy of Companies' Facilities. The Companies obligate themselves to have at all times adequate capacity in the system of the Companies to perform the services covered by this Agreement.

ARTICLE IV

SCHEDULING AND PLANT OPERATION

Section 1. Scheduling of New Roads Plant. The New Roads Plant, when completed, shall be connected by means of communication and load control facilities with the dispatching facilities of the Companies so as to integrate the operation of said Plant with the system of the Companies. Companies shall, at all times during the term hereof, have full control over the scheduling of the power and energy available at the New Roads Plant. Scheduling by the Companies shall be in accordance with the procedures then used by the Companies in scheduling their own generating facilities.

Section 2. Limits on Scheduling of New Roads Plant. Companies shall not schedule power and energy from the New Roads Plant in any amount at any time greater or lesser than the safe generating limits of the Plant, but Companies may, at their sole option, schedule zero kilowatts from the New Roads Plant for such periods of time as Companies determine. The rate at which generation at the New Roads Plant is increased or decreased by Companies shall be in accordance with good utility operating practices.

ARTICLE IV (con't) --

Section 3. Operation and Maintenance of New Roads Plant. LEC shall operate and maintain the New Roads Plant in accordance with good accepted utility practices and in such manner as may be necessary to permit the delivery of power and energy as scheduled by the Companies. LEC will not shut the New Roads Plant down for repair or maintenance, except for emergency conditions or when required to protect equipment from serious damage, without the consent of the Companies and will co-ordinate and schedule normal maintenance or repair shutdowns with the Companies.

ARTICLE V

TRANSMISSION SERVICE BY COMPANIES

Section 1. Transmission Service. Commencing on the first day of the month following the date the first 100,000 kw unit of the New Roads Plant is ready for Commercial Operation, the Companies shall deliver for the account of LEC to the Member Cooperatives and LEC at the Points of Delivery and voltage listed in Exhibit A such amounts of power and energy as are required at such Points of Delivery, up to the amount of capacity at each Point of Delivery as specified under this Agreement.

Section 2. Estimate of Power Requirements for Member Cooperatives. At least eighteen months prior to June 1 of each year LEC shall notify the Companies in writing of the maximum amount of power which LEC estimates the Companies will be called upon to deliver to each Point of Delivery during the 12-month period following such June 1.

ARTICLE V (con't) --

Section 3. Transmission Service Billing Demand. Transmission Service Billing Demand shall be the following:

The arithmetical sum of the maximum 15-minute kw demands established at the Member Cooperatives' Points of Delivery as specified in Exhibit A (as amended from time to time) during the Billing Month of the 12 months period ending with the current Billing Month when such arithmetical sum was highest; provided that each Point of Delivery shall be included in the determination of the monthly arithmetical sum of maximum 15-minute kw demands at not less than 50% of the kw capacity specified for such Point of Delivery under this Agreement subject to Section 2 of Article XI with respect to Points of Delivery which have been abandoned or reduced in capacity or 50% of the maximum 15-minute kw demand established at such Points of Delivery subsequent to the last change in specified capacity, whichever is greater (Minimum Billing Demand).

If the power factor at the point of measurement for any Point of Delivery is found to be less than 85%, one kva will be considered as .85 kw but not less than actual kw.

Section 4. Rate for Transmission Service. The rate for transmission service which shall be paid by LEC to Companies shall, until changed in accordance with Section 1 of Article XIII, hereof, be 60 cents per kw of Transmission Service Billing Demand per Billing Month.

ARTICLE V, Section 4 (con't) --

Where LEC or a Member Cooperative provides all facilities at the Point of Delivery for the receipt and the transformation of energy delivered hereunder from transmission voltage to Cooperative's distribution voltage, pursuant to Article XI, a discount of 10 cents per kw per month will be allowed on the billing under the above rate for the demand at that Point of Delivery.

ARTICLE VI

SALE AND PURCHASE OF EXCESS CAPACITY OF PLANT

Section 1. Determination of Excess Capacity. Beginning on June 1, following the date the New Roads Plant is ready for Commercial Operation, but not before June 1, 1972, LEC will sell and Companies will purchase any Excess Capacity of the New Roads Plant not required for providing service to Member Cooperatives under this Agreement and determined as hereinafter provided. For purposes of this Agreement, "Excess Capacity" shall mean the amount, if any, by which (a) the capability of the New Roads Plant determined as provided in Article IX, hereof, exceeds (b) 1.10 times the sum of the non-simultaneous maximum 15-minute demand at each Member Co-operative Point of Delivery during the 12 months ending with the current Billing Month (including maximum demands which may have occurred prior to commencement of service under this Agreement). In the event the New Roads Plant is shut down because of breakdown or emergency for a period exceeding 30 consecutive days, Companies shall during the period of such shutdown be released from the obligation imposed by this Section 1. In the event the capability of the New Roads Plant is curtailed for any

ARTICLE VI, Section 1 (con't) --

reason, other than scheduled maintenance, for a period exceeding 30 consecutive days, the reduced capability shall be used in place of the capability defined in (a) of the second sentence of this Section 1 during the period of such reduction in capability in determining Excess Capacity.

Section 2. Rate for Excess Capacity. The rate applicable to any Excess Capacity purchased under this Article VI shall, until changed in accordance with Section 1 of Article XIII hereof, be $1.15 per kw per Billing Month.

ARTICLE VII

SALE AND PURCHASE OF ADDITIONAL POWER REQUIREMENT

Section 1. Additional Power Requirement. Beginning with the first month in which the power requirements of the Member Cooperative Points of Delivery served under this Agreement computed as (b) under Section 1 of Article VI, hereof, exceed the total capability of the New Roads Plant determined as provided in Article IX, hereof, the excess shall constitute Additional Power Requirement which shall be provided and sold by Companies and purchased by LEC. Such Additional Power Requirement as so established shall be applicable for twelve months or until a higher Additional Power Requirement is established. In the event the capability of the New Roads Plant is curtailed for any reason, other than scheduled maintenance, for a period exceeding 30 consecutive days, the reduced capability shall be used in place of the total capability of the New Roads Plant determined as provided in Article IX during the period of such reduction in capability in determining Additional Power Requirement.

ARTICLE VI, Section 1 (con't) --

reason, other than scheduled maintenance, for a period exceeding 30 consecutive days, the reduced capability shall be used in place of the capability defined in (a) of the second sentence of this Section 1 during the period of such reduction in capability in determining Excess Capacity.

Section 2. Rate for Excess Capacity. The rate applicable to any Excess Capacity purchased under this Article VI shall, until changed in accordance with Section 1 of Article XIII hereof, be $1. 15 per kw per Billing Month.

ARTICLE VII

SALE AND PURCHASE OF ADDITIONAL POWER REQUIREMENT

Section 1. Additional Power Requirement. Beginning with the first month in which the power requirements of the Member Cooperative Points of Delivery served under this Agreement computed as (b) under Section 1 of Article VI, hereof, exceed the total capability of the New Roads Plant determined as provided in Article IX, hereof, the excess shall constitute Additional Power Requirement which shall be provided and sold by Companies and purchased by LEC. Such Additional Power Requirement as so established shall be applicable for twelve months or until a higher Additional Power Requirement is established. In the event the capability of the New Roads Plant is curtailed for any reason, other than scheduled maintenance, for a period exceeding 30 consecutive days, the reduced capability shall be used in place of the total capability of the New Roads Plant determined as provided in Article IX during the period of such reduction in capability in determining Additional Power Requirement.

ARTICLE VII (con't) --

Section 2. Rate for Additional Power Requirement. The rate for Additional Power Requirement sold and purchased under this Article VII until changed in accordance with Section 1 of Article XIII hereof, shall be $1.15 per kw per Billing Month.

ARTICLE VIII

ENERGY

Section 1. Monthly Energy Delivery. For each Billing Month during which Companies deliver power and energy under this Agreement, the total monthly energy billed shall be the total of the kilowatt hours (kwh) of energy delivered to each of the Points of Delivery listed in Exhibit A, adjusted upward by 5% for transmission losses. LEC shall pay Companies for the total monthly energy billed, as so computed, at the rate provided in Section 2 of this Article VIII.

Section 2. Rate for Energy. The rate for energy delivered during each month shall be an amount per kwh equivalent to fuel cost per kwh for the New Roads Plant. Such fuel cost per kwh shall be calculated for each month on the basis of the heat rate of the New Roads Plant determined as provided in Article IX hereof, and the applicable rate for gas, including applicable taxes and other charges, at the New Roads Plant under the contract for power plant fuel between LEC and ______________________________, dated ______________________, __________, (a copy of which has been furnished to Companies) or any subsequent applicable contract for power plant fuel.

Section 3. Payment for Power Plant Fuel. In consideration of the payment by LEC for energy as provided in this Article VIII and Companies' right to schedule generation

ARTICLE VIII, Section 3 (con't) --

at the New Roads Plant under this Agreement, Companies will reimburse LEC monthly for the power plant fuel purchased by LEC under its contract with ________________ ________________ dated ____________________, _______; beginning with fuel burned in the month following the date the New Roads Plant is ready for Commercial Operation. LEC will furnish to Companies a copy of the monthly bill it receives from ________________ for gas used at the New Roads Plant. Within ten days after receipt of each such monthly bill, Companies shall audit such bill and reimburse LEC after agreement on the amount thereof.

It is agreed that, so long as this Agreement is in effect, the rights of LEC as Buyer under the contract between LEC and ________________________________ dated ____________________, ________, shall be exercisable by Companies and LEC shall give only such written notices under said contract as shall be determined by Companies.

ARTICLE IX

CAPABILITY AND HEAT RATE OF NEW ROADS PLANT

Section 1. Determination of Capability of New Roads Plant. The capability of the New Roads Plant shall be net generating capability at point of interconnection with Companies based on normal steam pressure and temperature with all feed water heaters in service, corrected to maximum cooling water temperature. The determination of such capability shall be based on tests conducted jointly by LEC and Companies at mutually agreed times; provided, that either party shall have the right to require

ARTICLE IX, Section 1 (con't) --

a new test at any time not sooner than twelve months after the last previous test.

Section 2. Determination of Heat Rate of New Roads Plant. The heat rate of the New Roads Plant for purposes of calculating fuel cost per kwh under this Agreement shall be the heat rate per net kwh generated based on the efficiency of the plant loaded at 50% of the capability established under Section 1 of Article IX, corrected to maximum cooling water temperature. The determination of such heat rate shall be based on tests conducted jointly by LEC and Companies at mutually agreed times; provided, that either party shall have the right to require a new test at any time not sooner than twelve months after the last previous test.

ARTICLE X

START-UP AND TEST POWER AND ENERGY

Section 1. Furnishing of Start-Up Power and Energy. Beginning at the time the New Roads Plant is prepared for start-up and testing, Companies shall furnish and deliver to the point of interconnection at the New Roads Plant such power and energy as may be required by LEC in connection with starting up and testing procedures.

Section 2. Test Power and Energy. During the period from the beginning of start-up and testing of the New Roads Plant up to the first of the month following the date the plant is ready for Commercial Operation, LEC shall deliver into the system of Companies and Companies shall receive, and accept the power and energy which LEC generates at the New Roads Plant. Testing of the New Roads Plant shall be conducted at times mutually agreeable to LEC and Companies.

ARTICLE X (con't) --

Section 3. Metering. Prior to beginning start-up procedures at the New Roads Plant, LEC shall provide in place metering facilities adequate to accurately record the flow of energy under Section 1 and 2 of this Article X.

Section 4. Settlement for Start-Up and Test Power and Energy. Settlement for start-up and test power and energy shall be on the basis of the payment by Companies to LEC for the net energy input into the system of Companies under Section 2 of this Article X, after deducting the energy delivered by Companies under Section 1 of this Article X. The rate applicable to such energy shall be 1.5 mills per kwh.

ARTICLE XI

ADDITION OF, CHANGES IN AND ABANDONMENT OF POINTS OF DELIVERY

Section 1. Addition of and Changes in Points of Delivery. Upon reasonable advance written notice from LEC, the Companies will provide additional capacity at the Points of Delivery specified in Exhibit A as the Member Cooperatives' load growth warrants such additions. The Companies will establish new Points of Delivery upon reasonable advance written notice from LEC, at such points where sound engineering and economic principles would dictate that the requested facilities be constructed if the transmission line in question and the distribution facilities to be served belonged to one owner.

ARTICLE XI, Section 1 (con't) --

Notwithstanding the above, the Companies may, as a condition precedent to the construction of any additional facilities to provide additional capacity at existing Points of Delivery or to establish new Points of Delivery, require such assurance of revenue to the Companies as may be reasonably necessary to justify the investment required for the facilities to be installed. Deliveries will be at nominal voltages mutually agreeable to the parties.

Metering shall, wherever practicable, be at distribution voltage with adjustment for transformation losses at 1%.

Section 2. Abandonment of or Reduction in Capacity of Point of Delivery. Upon reasonable advance written notice to Companies, LEC may abandon any Point of Delivery or may reduce ~~the~~ amount of capacity previously specified under this Agreement for any Point of Delivery. Such abandonment or reduction in capacity shall become effective on the date specified by LEC in the notice, but not sooner than 12 months after the date such notice is received by Companies; provided, that in calculating Minimum Billing Demand under the provisions of Section 3 of Article V such Point of Delivery shall be included as though such abandonment or reduction in capacity capacity had not taken place until the twenty-fifth month following the month in which notice of the reduction in capacity or abandonment is given.

ARTICLE XI (con't) --

Section 3. Amendment of Exhibit A. Exhibit A to this Agreement shall be amended each time there is an addition or abandonment of a Point of Delivery or a change in specified capacity at a Point of Delivery as provided in this Article XI.

ARTICLE XII

METERING, ACCOUNTING, BILLING AND PAYMENT

Section 1. Metering. LEC shall provide metering installations at each Point of Delivery to its Member Cooperatives adequate to accurately register both the power and energy passing through such point. The Companies may, at their option, install meters of their own at any of the Points of Delivery and shall use the readings of any such meters which they may provide for billing purposes under this Agreement. In the absence of Company-owned meters, billing shall be based on the readings of LEC's meters. At the New Roads Plant, LEC shall provide suitable metering installations to register at the point of interconnection to the system of the Companies the net output of the plant and the net input to the plant.

Section 2. Meter Reading. Each meter and check meter installed or used under this Agreement shall be read by the owner on or about the first day of each month, and may be simultaneously read by a representative of the other party if the other party so elects. In any case where only LEC meters are installed and the Companies elect not to have a representative present at the monthly reading of the meters, LEC shall by the second business day of the month furnish Companies the kw and kwh readings.

ARTICLE XII (con't) --

Section 3. Taxes and Other Governmental Charges. In addition to the rates provided in this Agreement for payment by one party to the other, each party shall pay, or shall reimburse the other for, all sales, use, privilege and excise taxes or other charges or exactions of any governmental unit levied, subsequent to the effective date of this Agreement, on the basis of the service rendered under this Agreement, the revenue therefrom or the facilities used in rendering service hereunder (excepting income and ad valorem taxes). Where such tax, charge or exaction is based on property and facilities which are used partly for performance under this Agreement and partly for other uses, the other party shall be responsible under this Section for only such part of such tax, charge or exaction as shall be proportional to the use of such property or facilities in performance under this Agreement.

Section 4. Monthly Statement. On or before the 12th day of each month the Companies shall prepare, in necessary detail, and submit to LEC at its office at New Roads, Louisiana, a statement covering the preceding Billing Month setting forth the aggregate Transmission Service Billing Demand for said month as determined in accordance with Section 3 of Article V, the aggregate amount of energy delivered during said month computed in accordance with Section 1 of Article VIII, any Excess Capacity for such month computed as provided in Section 1 of Article VI, any Additional Power Requirement computed in accordance with Section 1 of Article VII, and, on the monthly statement for the first month following the date the New Roads Plant is ready for Commercial Operation, the net start-up and testing energy as provided in Section 4 of Article X. Such statement shall show the amount due

ARTICLE XII, Section 4 (con't) --

either party for each of such items based on the rates applicable under this Agreement and the net total due by one party to the other.

Section 5. Monthly Payment. On or before the 10th day after the submission of the monthly statement by Companies, which date shall be shown as the due date, the party owing the net total shall make payment thereof to the other party. Payments to the Companies shall be made in care of Companies' Operating Agent, designated as provided in Section 3 of Article XVI. Payments to LEC shall be made in care of its Manager, New Roads, Louisiana. Interest on unpaid amounts shall accrue at the rate of 8% per annum from and after the due date. If LEC in good faith disagrees with the statement rendered by Companies, it shall so notify Companies prior to the due date. If the parties are unable to resolve any such matter by agreement, it may be determined by any regulatory body or court having jurisdiction. Interest at the rate of 8% per annum shall apply on any amount found owing by one party to another from due date until paid, or in case of a refund due, from date of original payment until refunded.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Redetermination of Rates. After May 30, 1982, and subject to necessary regulatory approvals, the rates of compensation as provided in this Agreement, at the option of the party who provides the service to which any such rate is applicable, shall be subject to adjustment at suitable intervals on at least 24 months advance written notice; provided that the other party shall have the right to terminate the

ARTICLE XIII, Section 1 (con't) --

Agreement as of the effective date of the adjusted rate or rates by written notice given at least 18 months prior to such date, if such other party, in its sole judgment, is not satisfied that it remains economically feasible for it to continue to take the service herein provided at the adjusted rate or rates.

Section 2. Reliability and Adequacy of Service. Electric service rendered by the Companies and LEC under this Agreement shall meet accepted standards of reliability and adequacy. LEC shall not impose loads on the system of Companies that will result in objectionable voltage fluctuations or cause interference in service to other customers of Companies. If questions are raised concerning the quality of service, factual data shall be obtained with respect to the character of such service and appropriate corrective or remedial action shall be promptly taken by any party at fault.

Section 3. Continuity of Deliveries. Electric power and energy delivered under this Agreement shall be furnished continuously and/or as scheduled except for interruptions or curtailments in service necessary for installation, maintenance, repair or replacement of equipment or caused by an Uncontrollable Force. Interruptions or curtailments in service covered by the first sentence of this Section 3 shall not constitute a breach of this Agreement, and neither party shall be liable to the other for damages resulting therefrom.

Section 4. Facilities to be Furnished. The Companies and LEC shall each furnish, install, maintain and operate, or cause to be furnished, installed, maintained and operated, such facilities and equipment as may be necessary to enable them to fulfill

ARTICLE XIII, Section 4 (con't) --

their respective obligations under this Agreement, and to assure reasonable protection to the facilities of the other party hereto. Plans for the installation of protective equipment and devices on or in connection with facilities used under this Agreement shall be submitted to the other party for approval before such equipment is installed, but such approval shall not be construed to constitute a guaranty of the adequacy of any such equipment or devices. LEC and Companies shall install, operate, and maintain, or cause to be installed, operated, and maintained, on their respective systems such equipment as may be required to afford a communication system between the New Roads Plant and the office dispatching power and energy for Companies' systems, such equipment as may be required to telemeter information and data necessary for operations under this Agreement, and equipment to provide automatic load control as specified by Companies. Lease rentals and/or suitable annual facilities charges on any equipment or circuits required under this Section 4 shall be apportioned equitably between the Companies and LEC.

Section 5. Operation of LEC and Cooperative Facilities. LEC and its Member Cooperatives agree that they will not operate that part of their transmission and/or distribution system supplied with electric power and energy under this Agreement at each Point of Delivery in parallel or in synchronism with any other part of their transmission and/or distribution system that is supplied with electric power and energy from any other Point of Delivery where it receives power and energy under this Agreement, except that, in cases of proper notification to the Companies, LEC or the

ARTICLE XIII, Section 5 (con't) --

Member Cooperatives may, during an emergency, parallel two Points of Delivery under this Agreement for purposes of switching so that they may avoid interruption of service. During such emergency operation for convenience of LEC or its Member Cooperatives, Companies will not be responsible for any damages which might result from such operation, and LEC and its Member Cooperatives agree to hold Companies harmless against any and all claims for damages which might result from said operations.

Section 6. Meter Tests. (a) Each meter used under this Agreement shall be tested and calibrated by the owner at its own expense at regular intervals of not more than one year. If a meter shall be found incorrect or inaccurate, it shall be restored to an accurate condition or a new meter shall be substituted.

(b) Either party shall have the right to request that a special meter test be made of meters owned by the other party at any time and may be present at such test. If any special test discloses that the meter tested is registering correctly, or within 2% of normal, the party requesting the test shall bear the expense of such test. The expense of all other tests of meters shall be borne by the owner of the meters.

(c) The results of all such tests and calibrations shall be open to examination by the other party and a report of every test shall be furnished immediately to the other party. Any meter tested and found to be not more than 2% above or below normal shall be considered to be correct and accurate insofar as correction of billing is con-

concerned. If, as a result of any test, any meter is found to register in excess of 2% either above or below normal, then the reading of such meter previously used for billing purposes shall be corrected according to the percentage of inaccuracy so found, but no such correction shall extend beyond 90 days previous to the day on which the inaccuracy is discovered by such test, nor in any event beyond the date when the meter was last calibrated and tested, and such correction when made shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

(d) For any period that a meter is found to have failed to register, it shall be assumed that the demand established, or electric energy supplied, as the case may be, during said period is the same as that for a period of like operation, to be agreed upon by the parties hereto, during which such meter was in service and operating; provided that if both Companies and LEC meters are installed at a location and the Companies meter or meters should fail to register, the readings of the LEC meters shall be used for billing purposes hereunder.

Section 7. Standards for Construction, Maintenance and Operation of Equipment. (a) Each party (with LEC acting for itself and its Member Cooperatives) agrees with the other party that it will construct and at all times maintain its lines, equipment and other facilities in accordance with standards and specifications at least equal to those provided by the National Electrical Safety Code of the United States Bureau of Standards and will at all times operate same in such manner as not to interfere with

service to the customers of the other party.

(b) If LEC or any Member Cooperative should fail to maintain and operate its lines, equipment and other facilities as provided in paragraph (a) above, the Companies shall have the right to discontinue receipt of electric power and energy from or delivery into the facilities in question, after giving notice of its intention to do so. If the Companies should be advised of, or have knowledge of, hazardous conditions existing on the lines, equipment or other facilities of LEC or any Member Cooperative, the Companies shall have the right to immediately discontinue receipt from or delivery to such facilities, until the hazardous conditions have been removed and the lines and other facilities shall have been placed in a safe operating condition; the Companies shall, however, notify LEC or the Member Cooperative as soon thereafter as reasonably possible of the cause for such discontinuance and shall restore service immediately when such cause has been removed. In either of these events, LEC and the Member Cooperative shall hold the Companies free and unharmed against any and all claims, liabilities, loss or expense resulting from such discontinuance of receipt or delivery by Companies, except such as results from the negligence of Companies, their agents or employees.

<u>Section 8.</u> <u>Right of Installation and Access.</u> (a) Each party (with LEC acting for itself and its Member Cooperatives) grants to the other permission to install, maintain and operate, or cause to be installed, maintained and operated, on its premises

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any and all equipment, apparatus and devices necessary in the performance of this Agreement, except as otherwise specifically provided herein.

(b) Each party hereto (with LEC acting for itself and its Member Cooperatives) shall permit duly authorized representatives and employees of the other to enter upon its premises for the purpose of reading or checking meters, inspecting, testing, repairing, renewing or exchanging any or all of the equipment owned by the other party located on such premises, or for the purpose of performing any other work necessary in the performance of this Agreement.

Section 9. Right of Removal. Any and all equipment, apparatus, devices or facilities placed or installed or caused to be placed or installed, by either of the parties hereto on or in the premises of the other party or of a Member Cooperative shall be and remain the property of the party owning and installing such equipment, apparatus, devices or facilities, regardless of the mode or manner of annexation or attachment to real property of the other and, upon the termination of this Agreement, the owner thereof shall have the right to enter upon such premises and shall, within a reasonable time, remove such equipment, apparatus, devices or facilities.

ARTICLE XIV

TERM OF AGREEMENT

This Agreement shall not be binding upon the parties hereto until approved by the Administrator of the Rural Electrification Administration of the United States of

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America and by any state or federal regulatory bodies having jurisdiction. This Agreement shall remain in force and effect from the date of the last of such required approvals until midnight May 30, 1992, and thereafter for successive 5-year terms, unless terminated pursuant to the provisions of Section 1 of Article III, Section 1 of Article XIII, or Section 2 of Article XV; provided that either party hereto may terminate this Agreement as of May 30, 1992, or as of the end of any 5-year term thereafter upon not less than 36 months advance written notice to the other party.

ARTICLE XV

REGULATION

Section 1. Proposed Legislation. The parties recognize that the effectiveness and stability of operations under this Agreement are dependent upon all of the parties and the Member Cooperatives of LEC, individually, assuming the responsibilities generally accepted by public utilities and according respect to the relationship existing between the parties and their customers. The Companies and LEC (acting for itself and for all the Cooperatives comprising its membership, individually) agree that they will join together in seeking enactment into law, legislation which will serve to accomplish these objectives. This legislation will be sought at the next session of the Legislature at which such legislation may be introduced after ________________, 19___. Attached to this Agreement as Exhibit "B" and made a part hereof, is a draft of a proposed legislative act agreed upon by the parties as acceptable and one which they will jointly sponsor and work to have enacted.

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ARTICLE XV (con't) --

Section 2. Termination in Event of Non-Enactment. In the event a bill or bills in the form of the aforementioned Exhibit "B," or a bill or bills incorporating in total the substance of the provisions of Exhibit "B" are not enacted into law at the session of the Louisiana Legislature, at which it was introduced, this Agreement may be terminated by any one of the Companies or LEC by giving notice of termination in writing to the other parties. Termination shall be effective immediately upon delivery of the notice.

Section 3. Power and Energy to be For Distribution Solely by Member Cooperatives. Power and energy transmitted by the Companies under this Agreement to Points of Delivery shall be used by the Member Cooperatives in serving their customers. Such power and energy will not be resold or delivered by LEC or a Member Cooperative to any other electric distribution system operated on a utility basis, other than a Member Cooperative, whether owned or operated by an individual or association, by a cooperative, by an investor-owned corporation, or by a municipality or any other subdivision or agency of the State or Federal Government.

Section 4. Cancellation of Agreements in Conflict With This Agreement. LEC agrees to take all necessary steps to cancel, extinguish and terminate that certain Pooling and Interchange Agreement between it, Dow Chemical Corporation, the City of Plaquemine, Louisiana, and the City of Lafayette, Louisiana, approved by the Rural Electrification Administration on November 19, 1968, prior to the effective

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date of this Agreement. If LEC is unable or fails to obtain said cancellation, extinction or termination within the time specified, then the Companies may withdraw from this Agreement and it shall be of no effect. Further, LEC agrees to save and hold the Companies harmless from any claims of whatever nature arising out of or resulting from the abovesaid cancellation, extinction and termination of said Pooling and Interchange Agreement.

ARTICLE XVI

REMEDIES, WAIVERS, NOTICES AND SUCCESSORS

Section 1. Remedies of Parties. Except as otherwise specifically provided, nothing contained in this Agreement shall be construed to abridge, limit, or deprive any of the parties hereto of any means of enforcing any remedy which it might otherwise have, either at law or in equity, including the right, if any, of injunction and specific performance, for the breach of any of the provisions hereof.

Section 2. Waivers. Waiver at any time of rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

Section 3. Companies' Operating Agent. The Companies shall constitute and appoint a true and lawful agent (herein referred to as the "Companies' Operating Agent") who shall be authorized to:

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ARTICLE XVI, Section 3 (con't) --

a) Schedule and accept delivery of power and energy from the LEC's New Roads Plant.

b) Prepare and submit to LEC on behalf of the Companies any and all schedules, notices, and payments provided for in this Agreement.

c) Receive and accept from LEC on behalf of the Companies any and all schedules, notices and payments provided for in this Agreement.

The Companies hereby appoint Gulf States Utilities Company as Companies' Operating Agent under this Agreement. The Companies covenant and agree that the authority invested in Gulf States Utilities Company or any successor operating agent shall not be revoked unless and until a successor Companies' Operating Agent is appointed and authorized to act by the Companies. The appointment of any such successor Companies' Operating Agent shall be evidenced by written notice by each Company to LEC.

Section 4. Notices. Any written notice, demand or request required or authorized under this Agreement shall be deemed properly given to or served on LEC if mailed to:

Louisiana Electric Cooperative, Inc.
New Roads, Louisiana

Any such notice, demand, or request shall be deemed properly given to or served on the Companies if mailed to:

Gulf States Utilities Company
P. O. Box 2431
Baton Rouge, Louisiana 70821

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ARTICLE XVI, Section 4 (con't) --

The designation of the persons to be notified, or the addresses of such persons, may be changed by written notice to the other party.

Section 5. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

ATTEST:	CENTRAL LOUISIANA ELECTRIC COMPANY, INC.
______________ Secretary	By______________ President
ATTEST:	GULF STATES UTILITIES COMPANY
______________ Secretary	By______________ President
ATTEST:	LOUISIANA POWER & LIGHT COMPANY
______________ Secretary	By______________ President
ATTEST:	LOUISIANA ELECTRIC COOPERATIVE, INC.
______________ Secretary	By______________ President

EXHIBIT A

POINTS OF DELIVERY

Member Cooperative	La. #	Name	Geographic Location Section	Twp	Rge	Louisiana Parish	Service Characteristics KW	PH	W	KV	Effective Del Month	Day
a) Dixie Electric Membership Corporation	13	--										
b) Pointe Coupee Electric Membership Corporation	15	--										
c) South Louisiana Electric Cooperative Association	8	--										
d) Washington-St Tammany Electric Cooperative, Inc	10	--										

Note: Each delivery point to be listed separately

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Louisiana Electric Cooperative, Inc		New Roads Steam Electric Plant Substation	(During periods when plant is down for maintenance or other reasons)

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EXHIBIT B

AN ACT

To amend Title 45 of the Louisiana Revised Statutes of 1950 by adding thereto a new section to be designated as R. S. 45:123. 1 relative to stabilizing the service practices of electric public utilities, electric cooperatives and other suppliers of electricity; to regulate the extension and construction of facilities for the furnishing of electric service; and to amend and re-enact Section 426 of Title 12 of the Louisiana Revised Statutes to vest the Louisiana Public Service Commission with authority to adjudicate disputes arising under R. S. 45:123. 1 and to provide the Public Service Commission with additional limited jurisdiction over rates, service practices and operations of electric cooperatives organized under Title 12.

BE IT ENACTED BY THE LEGISLATURE OF LOUISIANA:

Section 1. Section 123. 1 of Title 45 of the Louisiana Revised Statutes of 1950 is hereby enacted to read as follows:

§ 123. 1 STABILIZING SERVICE BY ELECTRIC PUBLIC UTILITIES, ELECTRIC COOPERATIVES AND OTHER SUPPLIERS OF ELECTRICITY: EXTENSION AND CONSTRUCTION OF FACILITIES, REGULATION THEREOF. No electric public utility, electric cooperative or other supplier of electric service shall construct or extend its facilities, or furnish, or offer to furnish electric service, to any point of connection which at the time of the proposed construction, extension, or service is being served by, or which is not being served but is located within three hundred (300') feet

of the electric lines of another supplier except with the consent in writing of such other supplier; provided, however, that nothing contained herein shall preclude any supplier of electric service from extending service to unserved premises located within three hundred (300') feet of its existing electric lines although the point of connection be within three hundred (300') feet or less of the existing electric lines of another supplier; and provided further that any consumer who feels aggrieved with the electric service being received by him may apply to the Louisiana Public Service Commission for an order directed to said supplier to show cause why the consumer should not be released from his present supplier, and if the commission shall find that the service rendered to such consumer is inadequate, or that failure to grant said release shall work an undue rdship to the consumer, the release shall be granted provided; however, charges under rates approved by the Public Service Commission may not be considered as constituting a hardship in any case.

As used in this Section, "electric lines" are lines constructed and operated for the transmission and/or distribution of electricity and which, as existing, are adequate to supply the expected power requirements of the customer to be served; provided, however, no line which was originally constructed for the principal purpose of pre-empting territory shall be considered an "electric line" within the meaning of this Section.

As used in this Section, "supplier" means any person, firm, corporation, or co- ·rative engaged in the generation, transmission, distribution or sale of electric energy.

The provisions of this Section shall not apply to municipally-owned or operated utilities of the State of Louisiana or to the Parish of Orleans. Nor shall anything in this Section authorize any supplier of electric service governed thereby to extend service to any customer or consumer within the corporate limits of a municipality from which it does not have a franchise for such service.

Section 2. Section 426 of Title 12 of the Louisiana Revised Statutes of 1950 is hereby amended and re-enacted to read as follows: § 426 JURISDICTION OF THE PUBLIC SERVICE COMMISSION. Cooperatives transacting business in this State pursuant to this part shall be subject to the jurisdiction and control of the Public Service Commission only with respect to their rates, service practices, and operations, and matters arising under the provisions of R. S. 45:123. 1.

Section 3. SEVERABILITY

If any provision or item of Section 123. 1 of Title 45 of the Louisiana Revised Statutes of 1950 or Section 426 of Title 12 of the Louisiana Revised Statutes of 1950, or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of these Sections which can be given effect without the invalid provisions, items or applications and to this end the provisions thereof are thereby declared severable.

Section 4. All laws or parts of laws inconsistent or in conflict herewith be and the same are hereby repealed.

[illegible]
ATTORNEY AT LAW
SUITE 700
816 EIGHTEENTH STREET, NORTHWEST
WASHINGTON, D. C. 20006

FILED
OFFICE OF THE SECRETARY
MAR 26 10 30 AM '69
FEDERAL POWER COMMISSION

March 24, 1969

Honorable Gordon M. Grant, Secretary
Federal Power Commission
441 G Street, N. W.
Washington, D. C. 20426

Dear Mr. Grant:

Elec. Econ.

I represent Jefferson Davis Electric Cooperative, Inc., (Cooperative), P. O. Drawer 1229, Jennings, Louisiana. The cooperative is a rural electric distribution cooperative financed by the Rural Electrification Administration. It purchases its electric power and energy requirements at wholesale from Gulf States Utilities Company, Lake Charles, La.

The purpose of this letter is to request the Commission Staff to call an informal conference to be held at a Commission office and to be attended by Staff members and representatives of the Cooperative and Gulf States Utilities Company (Gulf States) in an attempt to avoid the necessity for the Cooperative filing a formal complaint against Gulf States. Mr. Alvin J. Garber, Assistant Chief, Division of Rates and Corporate Regulation, is familiar with the problem faced by the Cooperative, the manager of the Cooperative having visited him to discuss the problem some time ago.

The controversy between the Cooperative and Gulf States arises from the fact that Gulf States refuses to make adequate service under reasonable terms available to the Cooperative at a particular delivery point. We shall briefly summarize the pertinent facts.

In 1957, the Cooperative requested an additional power supply metering point from Gulf States at a point approximately 12 miles north of Holly Beach, Cameron Parish, Louisiana, to serve the power requirements of the southwestern portion of the parish. The Cooperative requested 69 KV power supply. Gulf States provided [illegible] 12/13.2 KV distribution metering point (Hackberry metering point) to take care of the [illegible] KW load which then existed. Gulf States' President, Mr. J. J. Morrison, promised to make available to the Cooperative a 69 KV point of delivery whenever the Cooperative load increased to such a size as to require that transmission voltage. With this assurance, the Cooperative built nine miles of

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69 KV transmission line from the new Hackberry metering point for operation at 7.62/13.2 KV for an interim period of time. In addition to the normal area growth certain industrial loads were developed in this isolated area by the Cooperative. By 1967 a 69 KV point of delivery became an absolute must. However, Gulf States has ever since that time absolutely refused to agree to the cooperatives urgent and repeated appeals for a 69 KV point of delivery on any reasonable terms.

Gulf States' representatives have been most candid in admitting that it was exerting every effort to prevent a generation and transmission system being built by Louisiana Electric Cooperative, Inc., of which the Cooperative is a member, and that it would not cooperate in meeting the needs of the Cooperative until the G&T has been killed.

It should be explained that in 1964 Louisiana Electric Cooperative, Inc., the members of which are twelve of the thirteen rural electric distribution cooperatives in Louisiana, received a loan from the Rural Electrification Administration to build a G&T system to serve the power needs of its member cooperatives. Litigation was instituted by Gulf States and the other investor-owned power companies in Louisiana in an attempt to prevent the G&T system from being constructed. Actions were filed against the REA Administrator and the Secretary of Agriculture in the U. S. District Court and actions were filed against the G&T cooperative in the Louisiana courts. The Rural Electrification Administration was successful in the U. S. District Court, but appeals were taken to the U.S. Court of Appeals for the Fifth Circuit, where REA was again successful. The companies then petitioned the U. S. Supreme Court for certiorari which was denied. The state cases were appealed to the Louisiana Supreme Court. All of the cases were decided favorably to the cooperatives.

Although, as stated before, the manager of the Cooperative had discussed this problem with Mr. Garber of the Commission Staff, no immediate action was requested of the Commission at that time because it was hoped an agreement could be worked out with Gulf States after the litigation had been finally disposed of by the U. S. Supreme Court action on the petition for certiorari. However, it now appears clear that Gulf States is not going to furnish adequate service to the cooperatives unless persuaded to do so by the Commission Staff or formally ordered by the Commission to do so. Service has become so bad and the outages so extensive that immediate assistance from the Commission has become critical.

The Cooperative's representatives have met with Gulf States' officials many times and made various offers each time to negotiate an agreement which would not require the company to expend any capital investment unjustifiably. The Cooperative has agreed to sign a contract to run for ten years unless terminated earlier upon three years' written notice. The contract proposed by the Cooperative would provide for a contribution by the Cooperative of approximately $78,000.00 to cover the capital cost of making available the 69 KV point of delivery in the event the Cooperative cancelled the contract before the expiration of the ten-year term. The Cooperative has agreed to sign such a contract covering not only the one delivery point, but all the other delivery points from which it receives from Gulf States the entire power requirements of the Cooperative's system.

Alternatively the Cooperative has proposed a ten-year contract covering only the Hackberry delivery point without any provision for earlier cancellation. Under this proposal the Cooperative would build the required ten miles of 69 KV transmission line from the Hackberry delivery point to Gulf States' present 69 KV termination point located in the community of Hackberry. This proposal would make unnecessary any appreciable capital expenditure by Gulf States.

Gulf States has refused to accept any of the Cooperative's proposals. The only proposal it has made is that the Cooperative pay Gulf States $70,000.00, with the company retaining ownership of the transmission line which would run through the Cooperative's service area. The company insists on ten-year contracts covering all points of delivery with no provision for cancellation prior to the termination of the ten-year period. The Cooperative, of course, cannot enter into such a contract in view of its contractual obligations to Louisiana Electric Cooperative, Inc., the G&T cooperative. On numerous occasions, the Cooperative has agreed to sign a ten-year contract extending for ten years unless terminated earlier on three years' written notice. If so terminated, the Cooperative would pay for any unusual cost incurred by the company in making such service available. Louisiana Power & Light Company has entered into contracts with other cooperatives in the state similar to the one proposed by the Cooperative.

Gulf States is at the present time serving the Cooperative in Louisiana which is not a member of the G&T co-op at a lower rate than it is charging the four other cooperatives which are members of the G&T. Gulf States refusal to provide the 69 KV delivery service

has resulted in a crisis for the Cooperative and its consumers. The Hackberry delivery point is now so overloaded that the secondary voltage recorded during the summer peak last year was as low as 100 volts and did not rise above 115 volts on off peak. In order to furnish even the present inadequate service, the Cooperative has been forced to build a step-up 69 KV substation at the Hackberry delivery point and to operate the nine miles of 69 KV line at 69 KV and to put in at the end of such line a step-down 7.62/13.2 KV substation. Regulators have been required to be installed at the metering point and cascaded in the step-down substation and also out on the distribution lines. The Cooperative has expended approximately $100,000.00 in unnecessary capital plant in an attempt to live with this situation. The condition has become so critical at the present time that it cannot be remedied without a 69 KV source at the Hackberry metering point. A black-out in the entire area served from this metering point is threatened for July of this year or sooner.

Last Fall, Louisiana Power & Light Company submitted interim contracts to the cooperatives which satisfactorily met the needs of the cooperatives at an equitable rate. The contracts included three-year cancellation clauses and set forth the rules under which old points of delivery would be uprated and new points of delivery provided. Under the contracts the cooperatives agreed to pay for any unusual capital expense which might be required for the uprating of old delivery points or furnishing new points in the event the cooperative cancelled the contracts before the expiration of a ten-year period.

After the submission of these contracts by Louisiana Power & Light Company, the management of the Cooperative together with the representatives of other Louisiana cooperatives, met with the Vice-Presidents of Gulf States on October 1, 1968. This conference made no progress in reaching a solution of the interim power supply problem.

On January 22 of this year, the manager of the Cooperative met with Lionel Dugas, a Vice-President of Gulf States. As a result of this meeting, the manager thought that the problem had been satisfactorily solved. However, in a telephone conversation initiated by the manager of the Cooperative sometime later, Mr. Dugas stated that Gulf States would do nothing other than insist upon a ten-year contract covering all delivery points. He reiterated that the company was still exerting every effort to prevent the G&T from being built and, therefore, could not offer any assistance whatsoever to meet the needs of the Cooperative until the G&T had been killed. In a subsequent discussion with Mr. Dugas, he agreed that service at the Hackberry delivery point needed attention.

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The outage situation has been intolerable for more than a year. There is attached hereto a letter from Mobile Oil Corporation showing the interruptions to service to that corporation occurring from December 11, 1967, through July 10, 1968. Complaints have been received from many other consumers of the Cooperative. There is also attached a list of the outages on the Holly Beach line from December, 1967, to July, 1968.

As indicated above, it would now appear that a black-out in the entire area served from this delivery point will occur in July of this year, if not sooner.

In an attempt to save the expense involved in the filing of a formal complaint and in the participation in a hearing, we respectfully urge the Staff to arrange for a meeting in the office of the Staff at the earliest possible date, to be attended by representatives of Gulf States and the Cooperative, at which an attempt could be made to solve this threat to the continuity of adequate service to the area involved by mutual agreement. The Cooperative will be most grateful if such a meeting is held. If the Staff is unable to work out an agreement between the parties, the Cooperative will then, of course, be forced to file a formal complaint.

Sincerely,

Wm. C. Wise

William C. Wise

WCW:dm
Encls.

As filed with the Securities and Exchange Commission on November 4, 1970

Exhibit K (FPC)

Registration No. 2-38740 Amendment No. 1

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM S-9

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

Gulf States Utilities Company

(Exact name of registrant as specified in charter)

P. O. BOX 2951, BEAUMONT, TEXAS 77704
(Address of principal executive offices)

F. R. SMITH, *President*
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

J. M. STOKES, *Vice President—Finance and Secretary*
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704
(Names and addresses of agents for service)

Approximate date of Invitation for Bids for the purchase of New Bonds—November 24, 1970.
Approximate date of proposed public offering—December 9, 1970.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
First Mortgage Bonds, % Series A due 2000	$30,000,000	104%*	$31,200,000*	$6,240

* This amount has been inserted solely for the purpose of calculating the filing fee.

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USE OF PROCEEDS

The net proceeds to be received by Gulf States Utilities Company (the "Company") from the sale of the Bonds offered hereby (the "New Bonds"), after deduction of expenses and exclusive of accrued interest, will be used by the Company to pay off part of its short-term notes having various maturity dates extending into 1971, of which it is estimated $55,000,000 will be outstanding at the time of the sale of the New Bonds. The proceeds from the notes being paid were used in connection with the Company's construction program and for other corporate purposes.

All of the short-term notes expected to be outstanding will either be in the form of commercial paper, or short-term notes issued under the Company's revolving credit agreements with banks which provide for loans maturing on December 31, 1970, up to an aggregate of $27,330,000. Upon prepayment of any note or part thereof issued under the credit agreements, the full amount of such payment shall be immediately restored to the aggregate principal amount of the credit available under such agreements. On or before December 31, 1970, the Company expects to consummate new similar revolving credit agreements with banks providing for loans maturing on December 31, 1971, up to an aggregate of $40,000,000.

CONSTRUCTION PROGRAM

On September 10, 1970, the Company's system load reached a peak of 3,039,400 kilowatts and at that time the Company's generating capability and firm power contracts provided a reserve of approximately 21%. The 1970 peak represents a 66% increase over that of 1965. To meet anticipated growth in system load, the Company has scheduled in the five-year period 1970 through 1974, the installation of four 580,000 kilowatt units and two 265,000 kilowatt units. The cost of new construction in 1970 is expected to be $110,000,000 and the cost of new construction in 1971 is expected to be approximately $93,000,000.

The 1970-71 program consists of the following principal items:

Additional electric and steam production plant	$ 92,760,000
Additional electric transmission and distribution facilities	105,370,000
Other additional electric improvements	3,190,000
Additional gas plant	1,680,000
Total	$203,000,000

It is anticipated that the Company will, in addition to the funds obtained from this offering and funds internally generated, require prior to the end of 1971, approximately $66 million from outside sources. It is contemplated that some portion of this amount will take the form of permanent financing, the nature, time and extent of which has not yet been determined.

Total gross additions to the plant account of the Company during the period January 1, 1965 through August 31, 1970, amounted to $509,598,939, and during the same period retirements from the plant account amounted to $36,167,677. Gross additions during the period amounted to approximately 57% of total net plant at August 31, 1970.

HISTORY AND BUSINESS

The Company was incorporated August 25, 1925, under the laws of the State of Texas and is engaged principally in the business of generating, transmitting, distributing and selling at retail electric energy in a 28,000 square mile area in southeastern Texas and in south central Louisiana, extending a distance of over 350 miles along the Texas-Louisiana Coast. The Company's electric system is interconnected, and interconnections with other utilities are maintained for the exchange of power. The Company also conducts a steam products business and sells natural gas in the Baton Rouge, Louisiana area.

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For the 12-month period ended August 31, 1970, 90% of the Company's operating revenues were derived from the electric utility business, 7% from the steam products business and 3% from the gas business. Of the electric operating revenues, 55% were derived from within Louisiana and 45% from within Texas. The gas and steam products businesses are conducted entirely in Louisiana.

The Company and ten other investor-owned electric utility companies comprising the South Central Electric Companies have an agreement with The Tennessee Valley Authority (TVA) to interchange 1,500,000 kilowatts of electric power. The Company's share of the exchange is 215,000 kilowatts. The companies have constructed a 500,000 volt electric transmission network linking their electric systems in Louisiana, Texas, Arkansas, Oklahoma, Mississippi, Missouri and Kansas. The Company is extending the 500,000 volt transmission line into its own service area to help assure future reliability of service.

The Company and two other operating utility companies have an agreement with the Sabine River Authorities of Louisiana and Texas under which the Company is to purchase 50% of the electric output of the Toledo Bend Hydroelectric plant. The Company has a commitment to pay approximately $1,000,000 annually through May 1, 2004, and approximately $800,000 annually thereafter for 14 years.

The electric business is substantially free from direct competition with municipalities or with other investor-owned electric utilities. There are 19 rural electric cooperatives, sponsored by the Rural Electrification Administration, operating within or adjacent to the service area of the Company. These cooperatives purchase their entire power supply from the Company or from adjacent systems. The operation and extension of these cooperatives in certain areas tend to restrict expansion of the Company's system in such areas. However, the Company is continuing to extend its service into rural areas.

In September, 1964, the Rural Electrification Administration approved a loan of $56,521,000 to Louisiana Electric Cooperative, Inc., a super-cooperative formed by 12 of the 13 REA cooperatives in Louisiana, for the proposed construction of a 200,000 kilowatt generating plant and approximately 1,800 miles of transmission lines in Louisiana, some of which would duplicate transmission facilities of the Company. Construction of the generating plant is proceeding. The Company and two other Louisiana electric utility companies which also serve the cooperatives are presently negotiating with Louisiana Electric Cooperative, Inc., its members and the Rural Electrification Administration to use such utility companies' facilities to wheel the power generated by the 200,000 kilowatt generating plant to certain of the distributive cooperatives, thereby making it unnecessary for the super-cooperative to construct duplicate transmission lines.

Four of the twelve rural electric cooperatives which organized the Louisiana Electric Cooperative, Inc., presently take part or all of their electric supply from the Company. During the 12 months ended August 31, 1970, the Company sold to these four cooperatives 300,493,013 kilowatt-hours, or 2% of total sales to electric customers, for a total revenue of $1,954,603, or 1% of total revenue from electric customers.

In Baton Rouge, Louisiana, the Company operates a specially designed steam-electric extraction plant which has been furnishing process steam and by-product electric energy to Ethyl Corporation and Humble Oil & Refining Company since the 1930's and to Uniroyal since 1950. The Humble Oil & Refining Company agreement runs to January 1, 1978, and continues after the initial term until cancelled by three years' written notice. The contracts with Uniroyal and with the Ethyl Corporation are presently cancellable on three years' written notice. The Company constructed and owns a specially designed steam-electric extraction plant in Baton Rouge which furnishes the requirements of the Industrial Chemicals Division of Allied Chemical Corporation for process steam and electricity. It is being operated and maintained by Allied under a twenty-year contract, which runs to February 1, 1989, and under which Allied makes annual payments to the Company, including amounts sufficient to amortize the cost of such plant over the term of the contract.

Boiler gas for the Company's various generating plants is provided for under long-term contracts with Humble Oil & Refining Company and Texas Intrastate Gas Company in Texas and with Monterey Pipeline Company and United Gas Pipe Line Company in Louisiana. These contracts run until 1985, 1985, 1981, and 1987, respectively. The contract with United Gas Pipe Line Company contains

provisions for price re-determination in 1977 and 1982. Part of the gas to be supplied by United Gas has been and may be supplied by Texaco, Inc., at Texaco's election. United Gas Pipe Line Company has informed the Company that commencing in November, 1970, its deliveries to the Company's Roy S. Nelson and Willow Glen Stations in Louisiana will be limited to amounts which are less than the Company presently estimates would otherwise be used by such plants. However the Company does not expect this to result in any reduction in or interruption of service to its customers, since the Company believes it has adequate alternate sources of power or alternate supplies of fuel to meet its operating requirements. These alternatives would increase the Company's cost of power in varying degrees, but the Company does not anticipate that any such increase would materially affect the net earnings of the Company.

The Company distributes natural gas purchased from Mid Louisiana Gas Company (formerly known as Humble Gas Transmission Company) and Monterey Pipeline Company in Baton Rouge and its environs which have an estimated population of 210,000. The contract with Mid Louisiana, the principal source of purchased gas, expires January 1, 1971, and negotiations for a new contract are now in progress. The Louisiana Public Service Commission recently granted the Company a 9.42% increase in the rates for the sale of gas so distributed.

The Company has a contract with the International Brotherhood of Electrical Workers which is the collective bargaining representative of employees formerly represented by the Independent Electrical Workers Union. A strike, which became system-wide April 24, 1970, was ended on July 5, 1970 with the ratification of the contract. The contract runs until July 8, 1972 and contains provisions, among others, for an immediate 7% wage increase, a wage increase on January 3, 1971 (5½%), and on October 3, 1971 (5%).

REGULATION

The rates of the Company in Texas are subject to the jurisdiction of municipal authorities, and as to all rates, including those in unincorporated towns and rural areas, the District Court has authority to declare unlawful an extortionate or unreasonable rate. Texas does not have a state utility regulatory body with jurisdiction over the rates or issuance of securities of the Company.

In Louisiana (in which state the Company is duly qualified to carry on business as a foreign corporation), a statute provides that the Louisiana Public Service Commission shall have jurisdiction over the rates and services of public utility companies. There is some question, in view of certain provisions in the Louisiana Constitution giving such jurisdiction to some municipalities, as to whether the aforesaid statute is constitutional as applied to such municipalities. In the opinion of the Company's counsel neither the Louisiana Public Service Commission nor any other governmental authority in the State of Louisiana has any jurisdiction over the issuance of securities by the Company.

In certain of its activities, including the issuance and sale of the securities covered by this Prospectus, the Company is subject to the jurisdiction of the Federal Power Commission.

The Company is not subject to the Public Utility Holding Company Act of 1935.

The Company may be subject to regulation by various federal, state and local environmental control authorities.

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL POWER COMMISSION

In the Matter of:	)	Docket No.:
	)	
GULF STATES UTILITIES COMPANY	)	E-7567

ANSWER OF
GULF STATES UTILITIES COMPANY
TO PROTEST AND PETITION TO INTERVENE

I.

The application of Gulf States Utilities Company (Applicant) in the above captioned docket was filed on October 12, 1970, and due notice of such application was published on October 16, 1970, requiring that any protests or petitions be filed on or before November 2, 1970.

II.

Applicant has been served with a document styled as a Protest and Petition to Intervene, on behalf of the Cities of Lafayette and Plaquemine, Louisiana (Petitioners), protesting Applicant's application, petitioning to intervene, and requesting a formal hearing.

III.

The names, titles and addresses of the persons to whom communications from the Commission in regard to the

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filing are to be addressed are:

B. D. Orgain, Esquire
Benny H. Hughes, Jr., Esquire
Orgain, Bell & Tucker
Fourth Floor, Beaumont
Savings Building
Beaumont, Texas 77701

F. R. Smith, President and
Principal Executive Officer
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

John E. Holtzinger, Jr., Esquire
John C. Mason, Esquire
Morgan, Lewis & Bockius
Suite 1100
1140 Connecticut Avenue, N. W.
Washington, D. C. 20036

IV.

Applicant alleges that Petitioners have no standing to intervene under Section 308(a) of the Federal Power Act or Section 1.8(b) of the Commission's Rules of Practice and Procedure, in that they have not alleged any interest which may directly be affected, or as to which they will be bound, by action on Applicant's application for authorization of issuance of bonds, or which may be affected by the issuance of the bonds proposed. Further, Petitioners have not otherwise shown that their participation may be in the public interest.

Commission approval of the security application without deciding the merits of Petitioner's antitrust

allegations would not require Petitioners to do or refrain from doing anything, nor would it fix any liability upon Petitioners, or finally determine their rights or obligations which may be pursued under other provisions of the Act or in other legal proceedings. Therefore, Petitioners have no right or interest which could be affected in this proceeding, nor could Petitioners be aggrieved within the meaning of Section 313 of the Federal Power Act by any action of the Commission in this proceeding.

For these reasons, Applicant requests that Petitioners' petition to intervene be denied.

V.

The purpose of Section 204 of the Federal Power Act is to prevent unsound financing which might impair the financial integrity of public utilities. This Commission, addressing itself to the scope of Section 204 and examining in detail the legislative history of that section in Pacific Power & Light Co., 27 FPC 623 (1962) concluded at p. 626:

> The plain purpose of Section 204 is to prevent the issuance of securities which might impair the company's financial integrity or its ability to perform

> its public utility responsibilities. The Senate Committee report on the bill which included the present Section 204 stressed that "control over capitalization of operating utilities is plainly an essential means of safeguarding the public against unsound financial practices which make impossible the proper and most economic performance of public utility functions. [Footnote omitted.]

The Commission correctly observed in the *Pacific* case that its "procedures for considering security issues must be expeditious if, in view of changing marketing conditions, utilities are to be able to raise the money needed to carry out their responsibilities." 27 F.P.C. at 629. The Commission also held that its jurisdiction to authorize issuance of securities did *not* constitute certificating authority[1/] and that, therefore, a hearing to consider the

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1/ Petitioners erroneously rely on *Northern Natural Gas Company* v. *FPC*, 399 F.2d 953 (D.C. Cir. 1968). That case arose under Section 7 of the Natural Gas Act, which requires the Commission to exercise certificate authority, and to hold a hearing. Section 204 of the Federal Power Act provides only an opportunity for hearing and does not involve certificate authority.

Petitioners likewise erroneously cite *Municipal Elec. Ass'n. of Mass.* v. *SEC*, 413 F.2d 1052 (1969). That case turns on the specific language of Section 10(b)(1) of the Public Utility Holding Company Act, which has no counterpart in Section 204 of the Federal Power Act.

detailed merits of the facilities for which financing was sought was inappropriate.[2/]

Hence it is well established that proceedings under Section 204 of the Federal Power Act are limited in scope to consideration of the public interest in issuance of securities and do not require consideration of the public interest associated with the construction, operation or maintenance of facilities involved in such financing. It follows that Petitioners' request for a hearing to consider their allegations of activities in violation of the anti-trust laws which are not even linked to the refinancing involved here is wholly inappropriate.

Furthermore if the Commission were to give consideration in this proceeding to matters unrelated to the application to issue securities, the investigation would be unbounded and interminable. In this specific instance, if

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2/ The Commission would be fully justified in acting on this security application, without hearing, because the Petition to Intervene is, in substance, a brief and written argument. Citizens for Allegan County, Inc. v. FPC, 414 F.2d 1125 (1969). Here, as there, Petitioners have put together a number of objections that have a theoretical predicate but are of no substantial moment in the particular case. (See p. 1134). See also, Pacific Gas and Electric Co., Project No. 2687, Order issued November 6, 1970.

the Commission were to consider Petitioners' allegations, it might well also include consideration of the activities of the Petitioners and any possible violation of antitrust laws that might be involved in their actions and agreements. Such expansion of the scope of the proceeding beyond the statutory limits of Section 204 not only would burden the procedures of the Commission with matters irrelevant to financing applications, but also would seriously jeopardize successful utility financing which is extremely sensitive to proper timing. The financial planning of public utilities with regard to issuance of securities would become highly speculative, resulting in inevitable impairment of their financial integrity and ability to perform their public utility responsibilities. In short, the expansion of the scope of the proceeding under Section 204 that Petitioners here seek would lead to a result in direct contravention of the primary Congressional intent underlying the enactment of that section. Furthermore, nothing would be more adverse to the construction of urgently needed power facilities than the delay in financing that would inevitably result from the broad expansion of Section 204 proceedings sought by Petitioners herein.

In fact Petitioners' own pleading shows that their request goes beyond the statutory scope of a Section 204 proceeding. Petitioners allege that the activities which form the basis of their protest are described in a statement of the National Rural Electric Cooperative Association that is attached as Appendix A to Petitioners' pleading. Counsel for NRECA, in the conclusion of that statement,[3/] specifically recognized the limited scope of proceedings under Section 204 of the Act and, therefore, requested a statutory revision of that Section to permit consideration of the type of allegations which Petitioners raise herein.

The purpose for which the securities here involved are to be issued, set forth in Item J of the application filed October 12, 1970, is to pay off outstanding commercial paper and short-term notes to banks heretofore incurred pursuant to Commission authorization in Docket No. E-7509. The Commission has, therefore, already determined that the funds involved in the instant case are for a lawful object within the corporate purposes. The

3/ Appendix A, pp. 11-12.

short-term notes previously authorized are expected to be approximately \$55 million in principal amount at the time of the proposed sale in December 1970, at least \$30 million of which are due and payable on or before December 31, 1970. Issuance of long-term securities to enable the Applicant to pay off its current short-term indebtedness is essential to maintain the financial integrity of Applicant and thereby enable Applicant to continue its service as a public utility. Nothing in the Protest and Petition to Intervene disputes the purpose for which Applicant will issue its securities, challenges the prior approval of short-term financing by the Commission, or the soundness of Applicant's financing program to replace such short-term financing with long-term securities. If the hearing sought by Petitioners were granted, <u>any</u> financing by the Applicant, for whatever purpose, could be delayed indefinitely.

Applicant had a construction budget for the year 1970 of approximately \$110 million, and its 1971 construction budget is approximately \$93 million. Such enormous funds can only be generated by the issuance of securities in accordance with scheduled financial planning. Financing

and construction by utilities could be paralyzed if, in such a case as this, the Commission should halt financing and the utility company's ability to pay for its construction pending an examination of the broad range of questions presented in the Protest and Petition to Intervene.

Even if all of the allegations of Petitioners, asserting improper or unlawful activities of Applicant, were accepted as true by the Commission, Applicant urges that such matters are irrelevant to this application and that the public purpose of maintaining the financial integrity of Applicant by authorization of the issuance of bonds to permit repayment of authorized short-term indebtedness overrides the matters raised by Petitioners and supports findings by the Commission of the statutory criteria for authorization of the bonds under Section 204.

VI.

Applicant denies each and every allegation by Petitioners that it has either alone or in concert with any other person or entity violated any provision of the antitrust laws, the Federal Power Act, or the Public Utility Holding Company Act of 1935; that the issuance of the bonds

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is for an unlawful object, incompatible with the public interest and is neither necessary nor appropriate for, nor consistent with the proper performance by the Applicant of service as a public utility. Applicant denies that it has combined or conspired in restraint of trade, or has combined or conspired to expand or obtain monopolies, to obtain captive markets, or to destroy any advantageous pool agreement of the Petitioners and Dow Chemical Company and Louisiana Electric Cooperative, Inc.. Applicant denies that its construction of transmission and generating facilities has been, or is, for unlawful objectives.

For reasons stated in this Answer, Applicant respectfully requests that the Commission deny the Petition to Intervene and, without hearing, issue its order approving Applicant's application for issuance of securities. Applicant respectfully requests that the Commission act

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on the application in such manner as to enable the Applicant to proceed with its financing schedule.

Respectfully submitted,

GULF STATES UTILITIES COMPANY

By

John E. Holtzinger, Jr.
Counsel

MORGAN, LEWIS & BOCKIUS
1140 Connecticut Avenue, N.W.
Washington, D.C. 20036
Of Counsel

November 12, 1970

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A F F I D A V I T

CITY OF WASHINGTON)
) SS:
DISTRICT OF COLUMBIA)

The undersigned, JOHN E. HOLTZINGER, JR., having been duly sworn, deposes and says that he is Counsel for Gulf States Utilities Company; that he has executed the foregoing Answer for and on behalf of said Company; that he is familiar with said Answer and the contents thereof; and that to the best of his knowledge, information and belief, the facts set forth in said Answer are true.

John E. Holtzinger, Jr.

Sworn to and subscribed before me this 12th day of November, 1970.

Jacqueline S. Jaffe
Notary Public
[My Comm. Exp. 3/31/74]

[SEAL]

Exhibit H-1
(FPC)
Amendment No. 2
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As filed with the Securities and Exchange Commission on November 20, 1970
Registration No. 2-38740

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

AMENDMENT NO. 1

To

FORM S-9

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

Gulf States Utilities Company
(Exact name of registrant as specified in charter)

P. O. BOX 2951, BEAUMONT, TEXAS 77704
(Address of principal executive offices)

F. R. SMITH, *President*
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704

J. M. STOKES, *Vice President—Finance and Secretary*
Gulf States Utilities Company
P. O. Box 2951
Beaumont, Texas 77704
(Names and addresses of agents for service)

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USE OF PROCEEDS

The net proceeds to be received by Gulf States Utilities Company (the "Company") from the sale of the Bonds offered hereby (the "New Bonds"), after deduction of expenses and exclusive of accrued interest, will be used by the Company to pay off part of its short-term notes having various maturity dates extending into 1971, of which it is estimated $55,000,000 will be outstanding at the time of the sale of the New Bonds. The proceeds from the notes being paid were used in connection with the Company's construction program and for other corporate purposes.

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CONSTRUCTION PROGRAM

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Other additional electric improvements	3,190,000
Additional gas plant	1,680,000
Total	$203,000,000

It is anticipated that the Company will, in addition to the funds obtained from this offering and funds internally generated, require prior to the end of 1971, approximately $66 million from outside sources. It is contemplated that some portion of this amount will take the form of permanent financing, the nature, time and extent of which has not yet been determined.

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HISTORY AND BUSINESS

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The Company and ten other investor-owned electric utility companies comprising the South Central Electric Companies have an agreement with The Tennessee Valley Authority (TVA) to interchange 1,500,000 kilowatts of electric power. The Company's share of the exchange is 215,000 kilowatts. The companies have constructed a 500,000 volt electric transmission network linking their electric systems in Louisiana, Texas, Arkansas, Oklahoma, Mississippi, Missouri and Kansas. The Company is extending the 500,000 volt transmission line into its own service area to help assure future reliability of service.

The Company and two other operating utility companies have an agreement with the Sabine River Authorities of Louisiana and Texas under which the Company is to purchase 50% of the electric output of the Toledo Bend Hydroelectric plant. The Company has a commitment to pay approximately $1,000,000 annually through May 1, 2004, and approximately $800,000 annually thereafter for 14 years.

The electric business is substantially free from direct competition with municipalities or with other investor-owned electric utilities. There are 19 rural electric cooperatives, sponsored by the Rural Electrification Administration, operating within or adjacent to the service area of the Company. These cooperatives purchase their entire power supply from the Company or from adjacent systems. The operation and extension of these cooperatives in certain areas tend to restrict expansion of the Company's system in such areas. However, the Company is continuing to extend its service into rural areas.

In September, 1964, the Rural Electrification Administration approved a loan of $56,521,000 to Louisiana Electric Cooperative, Inc., a super-cooperative formed by 12 of the 13 REA cooperatives in Louisiana, for the proposed construction of a 200,000 kilowatt generating plant and approximately 1,800 miles of transmission lines in Louisiana, some of which would duplicate transmission facilities of the Company. Construction of the generating plant is proceeding. The Company and two other Louisiana electric utility companies which also serve the cooperatives are presently negotiating with Louisiana Electric Cooperative, Inc., its members and the Rural Electrification Administration to use such utility companies' facilities to wheel the power generated by the 200,000 kilowatt generating plant to certain of the distributive cooperatives, thereby making it unnecessary for the super-cooperative to construct duplicate transmission lines.

Four of the twelve rural electric cooperatives which organized the Louisiana Electric Cooperative, Inc., presently take part or all of their electric supply from the Company. During the 12 months ended August 31, 1970, the Company sold to these four cooperatives 300,493,013 kilowatt-hours, or 2% of total sales to electric customers, for a total revenue of $1,954,603, or 1% of total revenue from electric customers.

In Baton Rouge, Louisiana, the Company operates a specially designed steam-electric extraction plant which has been furnishing process steam and by-product electric energy to Ethyl Corporation and Humble Oil & Refining Company since the 1930's and to Uniroyal since 1950. The Humble Oil & Refining Company agreement runs to January 1, 1978, and continues after the initial term until cancelled by three years' written notice. The contracts with Uniroyal and with the Ethyl Corporation are presently cancellable on three years' written notice. The Company constructed and owns a specially designed steam-electric extraction plant in Baton Rouge which furnishes the requirements of the Industrial Chemicals Division of Allied Chemical Corporation for process steam and electricity. It is being operated and maintained by Allied under a twenty-year contract, which runs to February 1, 1989, and under which Allied makes annual payments to the Company, including amounts sufficient to amortize the cost of such plant over the term of the contract.

Boiler gas for the Company's various generating plants is provided for under long-term contracts with Humble Oil & Refining Company and Texas Intrastate Gas Company in Texas and with Monterey Pipeline Company and United Gas Pipe Line Company in Louisiana. These contracts run until 1985, 1985, 1981, and 1987, respectively. The contract with United Gas Pipe Line Company contains provisions for price re-determination in 1977 and 1982. Part of the gas to be supplied by United Gas has been and may be supplied by Texaco, Inc. under a separate agreement. United Gas Pipe Line Company has informed the Company that commencing in November, 1970, its deliveries to the Company's Roy S. Nelson and Willow Glen Stations in Louisiana will be limited to amounts which are less than the

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Company presently estimates would otherwise be used by such plants. However the Company does not expect this to result in any reduction in or interruption of service to its customers, since the Company believes it has adequate alternate sources of power or alternate supplies of fuel to meet its operating requirements. These alternatives would increase the Company's cost of power in varying degrees, but the Company does not anticipate that any such increase would materially affect the net earnings of the Company.

The Company distributes natural gas purchased under an agreement with Mid Louisiana Gas Company (which agreement is subject to approval by regulatory bodies having jurisdiction) in Baton Rouge and its environs which have an estimated population of 210,000. The contract with Mid Louisiana expires December 31, 1975. The Louisiana Public Service Commission recently granted the Company a 9.42% increase in the rates for the sale of gas so distributed.

The Company has a contract with the International Brotherhood of Electrical Workers which is the collective bargaining representative of employees formerly represented by the Independent Electrical Workers Union. A strike, which became system-wide April 24, 1970, was ended on July 5, 1970 with the ratification of the contract. The contract runs until July 8, 1972 and contains provisions, among others, for an immediate 7% wage increase, a wage increase on January 3, 1971 (5½%), and on October 3, 1971 (5%).

REGULATION

The rates of the Company in Texas are subject to the jurisdiction of municipal authorities, and as to all rates, including those in unincorporated towns and rural areas, the District Court has authority to declare unlawful an extortionate or unreasonable rate. Texas does not have a state utility regulatory body with jurisdiction over the rates or issuance of securities of the Company.

In Louisiana (in which state the Company is duly qualified to carry on business as a foreign corporation), a statute provides that the Louisiana Public Service Commission shall have jurisdiction over the rates and services of public utility companies. There is some question, in view of certain provisions in the Louisiana Constitution giving such jurisdiction to some municipalities, as to whether the aforesaid statute is constitutional as applied to such municipalities. In the opinion of the Company's counsel neither the Louisiana Public Service Commission nor any other governmental authority in the State of Louisiana has any jurisdiction over the issuance of securities by the Company.

In certain of its activities, including the issuance and sale of the securities covered by this Prospectus, the Company is subject to the jurisdiction of the Federal Power Commission. On November 2, 1970 the Cities of Lafayette and Plaquemine, Louisiana, filed a Protest and Petition to Intervene in the proceeding initiated by the Company before the Federal Power Commission (FPC) for authorization to issue the New Bonds, alleging that the Company, together with Louisiana Power and Light Company and Central Louisiana Electric Company, Inc., may be engaging in actions violative of the anti-trust laws, the Federal Power Act, and the Public Utility Holding Company Act to their detriment. In their Protest and Petition to Intervene the Cities opposed the authorization of the issue of the New Bonds unless and until the Company purged itself of the alleged violations or unless the FPC conditioned its authorization upon cessation of the alleged unlawful actions and the establishment of a program to rectify the damage alleged to be suffered by the Cities, and requested a hearing. The FPC has not acted on the Company's application for issuance of the New Bonds or on the Protest and Petition to Intervene. The New Bonds may not be issued by the Company unless such issue has been authorized by the FPC.

The Company is not subject to the Public Utility Holding Company Act of 1935.

The Company may be subject to regulation by various federal, state and local environmental control authorities.

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UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Before Commissioners: John N. Nassikas, Chairman;
Lawrence J. O'Connor, Jr., Carl E. Bagge,
John A. Carver, Jr., and Albert B. Brooke, Jr.

Gulf States Utilities Company) Docket No. E-7567

ORDER AUTHORIZING ISSUANCE OF FIRST MORTGAGE BONDS, GRANTING INTERVENTION AND DENYING HEARING

(Issued December 3, 1970)

Gulf States Utilities Company (Applicant), a corporation organized under the laws of the State of Texas and doing business in the States of Texas and Louisiana, filed an application on October 12, 1970, seeking an order pursuant to Section 204 of the Federal Power Act authorizing it to issue and sell at competitive bidding, $30,000,000 aggregate principal amount of First Mortgage Bonds, due 2000.

The Applicant proposes to issue the Bonds under their Indenture of Mortgage to Manufacturers Hanover Trust Company, dated September 1, 1926, as supplemented and proposed to be further supplemented by a Twenty-ninth Supplemental Indenture dated as of the date of the new Bonds.

Applicant originally proposed to publish bids for purchase of the Bonds on November 24, 1970, and to accept a bid on December 9, 1970. The proposed publication of bids can be delayed for one-week and still allow the Applicant to meet the date set for bid acceptance.

Each bid must be presented by a single bidder or by a group of bidders to the Company at Manufacturers Hanover Trust Company, the Federal Room, Fourth Floor, 40 Wall Street, New York, New York 10015, before 11:00 A.M. New York Time, on December 9, 1970.

Each bid shall specify, among other things, (1) the interest rate of the Bonds, which shall be a multiple of 1/8%; (2) the price (expressed as a percentage of the principle amount), exclusive of accrued interest, to be paid to the

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Company for the Bonds, which shall not be less than 99% and not more than 102½% of the principle amount of the Bonds, and that accrued interest on the Bonds from the first day of the month in which the Bonds are issued to the date of payment therefor and delivery thereof will be paid to the Company by the Purchaser or Purchasers.

The proceeds to be realized from the sale and issuance of the proposed Bonds will be used by the Company to refund and pay off part of its commercial paper and short-term notes to banks to be outstanding as of the date of issuance. The Company estimates that on December 16, 1970, the date the securities are expected to be sold, there will be outstanding approximately $55 million principal amount of commercial paper and short-term notes issued on various dates. The short-term indebtedness of the Company was authorized by the Commission in Docket No. E-7509 and the proceeds from the notes were expended in connection with the Company's construction program and for other corporate purposes. The cost of new construction is expected to total $110 million in 1970 and $93 million in 1971.

Written notice of the application has been given to the Texas Railroad Commission, the Louisiana Public Service Commission, and to the Governor of each of those States. Notice has also been given by publication in the Federal Register on October 27, 1970 (35 F.R. 16649), stating that any person desiring to be heard or to make any protest with reference to the application should on or before November 2, 1970, file a petition or protest with the Federal Power Commission, Washington, D. C. 20426.

On November 2, 1970, the Cities of Lafayette and Plaquemine, Louisiana, filed a protest and petition to intervene in the proceeding requesting that the Commission withhold the order authorizing the issuance of the proposed Bonds and that the proceeding be set for hearing. Intervenors allege that activities of the applicant violate Federal anti-trust laws, Section 10(h) of the Federal Power Act, and the Public Utility Holding Company Act of 1935. All violations arising from Applicant's activities allegedly prevented construction of generating facilities by certain utilities in Louisiana and power pooling arrangements in which the cities are to participate.

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On November 12, 1970, the Applicant answered the protest and petition to intervene denying violations of the anti-trust laws, the Federal Power Act, or the Public Utility Holding Company Act of 1935, and contending, among other things that the Cities lack standing to intervene, in that they have not alleged any interest which may be affected, or as to which they will be bound by Commission authorization of the proposed Bond application.

The requested approval of the issuance of the Bonds allow the Company only to change the form of a portion of its outstanding indebtedness, it does not call for the initiation of any construction or other program by the Company which might effect the interest of the Petitioners. The alleged violations which petitioners attempt to raise in this proceeding are irrelevant to a requested authorization of securities. There is no relief that the Commission can order in authorizing the issuance of the Bonds for refinancing purposes that would have any effect on the interest of the Petitioners, or solve any of the problems outlined by them.

The Commission finds:

(1) The Applicant, a corporation, is a public utility within the meaning of Section 204 of the Federal Power Act subject to the jurisdiction of the Commission as heretofore determined and set forth in the Commission's order issued November 27, 1957, In the Matter of Gulf States Utilities Company, Docket No. E-6785 (18 FPC 701).

(2) The proposed issuance and sale of Bonds, as described above will constitute an issuance of securities within the purview of Section 204 of the Act.

(3) Applicant is not organized and operating in a State under the laws of which the security issue here involved is regulated by a State Commission within the meaning of Section 204(f) of the Act; and the proposed issuance of securities is, therefore, not exempt by virtue of that Section from the requirement of Section 204 of the Act.

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(4) The proposed issuance and sale of Bonds, as hereinafter authorized, will be for a lawful object, within the corporate purposes of Applicant and compatible with the public interest, which is appropriate for and consistent with the proper performance by Applicant or service as a public utility and which will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

(5) Intervention by the above-mentioned petitioners may be in the public interest for purposes of Commission consideration of their petition.

(6) The matters asserted and activities alleged in the filed protest and petition to intervene by the Cities of Lafayette and Plaquemine, Louisiana, are irrelevant to the purpose of issuing bonds to refund short-term indebtedness heretofore authorized by this Commission.

(7) The matters asserted and activities alleged in the filed protest and petition to intervene by the Cities of Lafayette and Plaquemine, Louisiana, do not raise any issue which requires a hearing.

The Commission orders:

(A) The above-mentioned petitioners are hereby permitted to intervene in this proceeding subject to the rules and regulations of the Commission. Provided, however, That the admission of the afore-mentioned petitioner's shall not be construed as recognition by the Commission that the petitioners might be aggrieved because of any order or orders of the Commission entered in this proceeding.

(B) The above-mentioned petitioners request for hearing is denied.

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(C) The proposed issuance and sale of Bonds upon the terms and conditions and for the purposes specified in the application as described above, is hereby authorized, subject to the provisions of this order.

(D) The proposed issuance and sale of Bonds at competitive bidding shall not be consummated until:

(i) Applicant shall have amended its application pursuant to the requirements of Section 34.2(g) of the Commission's Regulations under the Federal Power Act relating to compliance with competitive bidding requirements, and Section 34.2(h) of those Regulations relating to affiliation, and shall have either filed such amendments or shall have mailed them and advised the Commission by telephone and telegraph, as contemplated in Section 34.9 of the Regulations;

(ii) The Commission, by a further order, shall have approved the price to be received by Applicant for the proposed issuance of Bonds and the interest rate thereof.

(E) This authorization shall expire unless the transactions hereby authorized are consummated within 90 days from the date of issuance of this order.

(F) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of cost, or any other matter whatsoever now pending or which may come before this Commission.

(G) Nothing in this order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any securities to which this order relates.

FEDERAL POWER COMMISSION

Gordon M. Grant,
Secretary.

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UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Before Commissioners: John N. Nassikas, Chairman;
Carl E. Bagge, and Albert B. Brooke, Jr.

Gulf States Utilities Company) Docket No. E-7567

SUPPLEMENTAL ORDER AUTHORIZING
ISSUANCE OF FIRST MORTGAGE BONDS

(Issued December 9, 1970)

By order issued December 3, 1970, in the above-entitled matter, the Commission authorized Gulf States Utility Company (Applicant), to issue and sell at competitive bidding $30,000,000 principal amount of First Mortgage Bonds subject, among others, to the provisions set forth in paragraph (D) of that order, as follows:

(D) The proposed issuance and sale of Bonds at competitive bidding shall not be consummated until:

(i) Applicant shall have amended its application pursuant to the requirements of Section 34.2(g) of the Commission's Regulations under the Federal Power Act relating to compliance with competitive bidding requirements, and Section 34.2(h) of those Regulations relating to affiliation, and shall have either filed such amendments or shall have mailed them and advised the Commission by telephone and telegraph, as contemplated in Section 34.9 of the Regulations;

(ii) The Commission, by a further order, shall have approved the price to be received by Applicant for the proposed issuance of Bonds and the interest rate thereof.

Applicant, on December 9, 1970, filed an amendment, pursuant to the requirements of the afore-mentioned Commission order, in which it states, among other things that it proposes to accept, as representing the lowest

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cost of money to be paid by the Applicant to the underwriters, the bid of The First Boston Corporation, Salomon Brothers and Eastman Dillon, Union Securities & Co. Underwriters to purchase the proposed $30,000,000 issue of First Mortgage Bonds carrying a coupon rate of 7 7/8% at a price to the Company of $99.42% of principal amount. Based upon an initial public offering price of 100.286% of principal amount, the yield will be 7.85% and the Company's cost of money will be 7.9259%.

The Commission finds:

(1) Applicant has satisfactorily complied with the requirements contained in paragraph (D) of the Commission's order issued December 3, 1970, in the above-entitled Docket; and the competitive bid it proposes to accept for the Bonds and the interest rate thereof are reasonable.

(2) The proposed issuance and sale of Bonds as hereinafter authorized, will be for a lawful object, within the corporate purposes of Applicant and compatible with the public interest, which is appropriate for and consistent with the proper performance of service by Applicant as a public utility and which will not impair its ability to perform that service, and is reasonably appropriate for such purposes.

The Commission orders:

(A) The price to be received by Applicant for the proposed Bonds and the interest rate thereof, are approved as reasonable.

(B) The proposed issuance and sale of Bonds referred to above, upon the terms and conditions, and for the purposes specified in the application, as supplemented by the amendment referred to above, are hereby authorized, subject only to the provisions of paragraphs (E), (F) and (G) and of the Commission's order issued December 3, 1970, in the above docket.

By the Commission.

FEDERAL POWER COMMISSION

Gordon M. Grant

Gordon M. Grant,
Secretary.

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL POWER COMMISSION

In the Matter of	)	
	)	Docket No. E-7567
GULF STATES UTILITIES COMPANY	)	

APPLICATION FOR REHEARING
BY CITIES OF LAFAYETTE AND PLAQUEMINE, LOUISIANA

The Cities of Lafayette and Plaquemine, Louisiana, ("the Cities") pursuant to Section 313(a) of the Federal Power Act and Section 1.34 of the Commission's Rules of Practice and Procedure, hereby apply for rehearing of the orders of this Commission issued December 3, 1970 and December 9, 1970 in this proceeding authorizing issuance of $30,000,000 principal amount of First Mortage Bonds due in the year 2000 by Gulf States Utilities Company ("Gulf States"). The grounds upon which rehearing is sought are set forth below.

In their Protest and Petition to Intervene in this proceeding the Cities made several charges which the Commission has necessarily accepted as true for purposes of its orders since it refused to grant the statutorily required hearing.

(Section 204(b)). The Cities incorporate herein each and every ground raised in their original petition. Thus the Cities alleged that Gulf States, in combination with Louisiana Power & Light Company ("LP&L") and Central Louisiana Electric Company ("CLECO") had conspired and combined to suppress competitive electric systems which are municipally owned or are financed by the REA. The Cities set forth several examples of the results of this combination in restraint of trade in their petition.

In its order of December 3, 1970 this Commission found that the proposed issuance and sale of bonds will be ". . . . for a lawful object, . . . compatible with the public interest, which is appropriate for and consistent with the proper performance by [Gulf States] or [sic] service as a public utility . . . ." (Finding p. 4). This Commission goes on to find that "the alleged violations which the [Cities] attempt to raise in this proceeding are irrelevant to a requested authorization of securities." (Order, p. 3).

The Cities have alleged that Gulf States is utilizing its moneys acquired through authorization by this Commission for purposes not disclosed in its requests for authorization,

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viz, the suppression of competitive municipal or coop electric systems. While it is true that Gulf States set out in fairly extensive fashion a description of its 1969-70 construction program in its application in Docket No. 7509, it did not represent that the moneys there authorized would be used only for that purpose. Rather, it stated that (Application, p. 7) "the proceeds from the Notes will be added to the general funds of the Company to be used, among other things, to provide part of the interim funds for construction expenditures." In its present filing in this docket, Gulf States asserts (Application, p. 5) only, in describing the purpose for which the securities are to be used, that "the proceeds from the sale of the New Bonds will be used by the Company to refund and pay off part of its commercial paper and short term notes to banks to be outstanding as of the date of issuance . . . The aforesaid commercial paper and short-term notes to banks constitute an issuance of securities previously authorized by the Commission (Docket No. E-7509)."

In light of the striking paucity of information furnished by Gulf States in both dockets as to the purposes for which the moneys are to be used, it is difficult to see any rational support for the Commission's findings that the issuance of bonds is for a "lawful object . . . compatible with

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the public interest, which is appropriate for and consistent with the proper performance by [Gulf States of] service as a public utility . . . ." The fact is that the Commission does not know for what object these bonds were issued because the record does not reveal it any more than it revealed the purpose for which short term notes were issued in the earlier docket. Gulf States could, consistent with the representations it made, utilize these moneys as alleged by the Cities, for purposes of furthering its combination in restraint of trade. */

While the Cities can tell no better than the Commission exactly what this money has been or will be spent for, it appears to the Cities that those moneys have been or will be used to construct facilities which strengthen Gulf States' interties to LP&L and CLECO and allow each of them to expand their predatory competitive practices against the Cities and the REA coops, to continue the combined campaign to extinguish the LEC-DOW-Cities pool and to generally seek to subjugate the Cities and the coops. Moreover, unless the Commission's accountants have developed some system of tracing dollars of which the Cities are unaware, there is little logic to an argument that a given financing of this sort is used

*/ Indeed, Gulf States has under construction a 230 kv transmission line passing close to the LEC New Roads generating plant for the obvious purpose of occupying the transmission market and controlling the disposition of the plant's output in furtherance of its restraint of trade activities. Some of the bond funds are bound to flow to the support of this line.

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for one specific purpose and that renewals of that financing cannot damage the Cities */. The original note issuance resulted in moneys going into Gulf States for general corporate purposes, expanding the accounts which would be otherwise fed by the Company's operations.

The refinancing in issue here adds moneys to those accounts that would otherwise have to be paid back, thus expanding the resources which Gulf States can devote to destroying the pool. This result is clearly damaging to the Cities and is, as well, directly contrary to the statutory duty of this Commission to encourage meaningful interconnection and coordination. (Federal Power Act, Section 202.) Gulf States' activities are, as well, clearly contrary to the policies expounded in the Commission's National Power Survey.

The finding by the Commission (Findings, p. 4) that the violations which the Cities have sought to raise are ". . . . irrelevant to the purpose of issuing bonds to refund short term indebtedness heretofore authorized by this Commission" is ambiguous. If the Commission means that the

*/ It is not clear from the Commission's Order whether or not such an assertion is being made.

issues are irrelevant because this is a refunding rather than a new funding, then the Cities believe the Commission factually to be in error for the reasons set forth supra. If, on the other hand, the Commission is saying that the antitrust consequences which result from its authorization of funds are irrelevant to its functions under Section 204 of the Act, then the Commission is taking too narrow a view of its authority under that section. Neither the Act on its face nor the legislative history of Section 204 will support such an abdication of responsibility. Cf. Denver & Rio Grande Western Ry Co. v. United States, 387 U.S. 485 (1967). At the very least the Commission should have conditioned the funding authority granted, so that it would not be used to the detriment of the Cities or in a manner inimical to the proposed pool, and instituted an investigation.

This Commission, like other administrative agencies established to protect the public interest, is not an umpire calling balls and strikes, but has an active, affirmative responsibility to see to it that all pertinent issues are fully aired. Scenic Hudson Preservation Conference v. FPC, 354 F.2d 608 (CA 2, 1965) cert. denied 384 U.S. 941 (1966);

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Udall v. FPC, 387 U.S. 428 (1967); Michigan Consolidated Gas Co. v. FPC, 283 F.2d 204, (CADC 1960), cert. denied 364 U.S. 913. The Commission has failed to discharge this affirmative duty in this proceeding.

CONCLUSION

For the foregoing reasons the Commission should grant rehearing, withdraw its orders of December 3 and 9, 1970, and set this case for full hearing, directing its Staff to pursue an investigation of Gulf States activities in combination with LP&L and CLECO, and take such other and further action as circumstances may require.

Respectfully submitted,

George Spiegel

Robert C. McDiarmid

Attorneys for Cities of Lafayette and Plaquemine, Louisiana

December 15, 1970

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VERIFICATION

DISTRICT OF COLUMBIA, SS:

Robert C. McDiarmid, being first duly placed upon affirmation, deposes and says that he is the attorney for the Cities of Lafayette and Plaquemine, Louisiana, and that he is authorized on behalf of said parties to execute and file this Application for Rehearing; that he has read the foregoing Application for Rehearing and is familiar with the contents thereof, and that the matters and things therein set forth are true and correct to the best of his knowledge, information and belief.

Robert C. McDiarmid

Subscribed and affirmed
before me this 15th day
of December, 1970.

My commission expires: September 30, 1974

Exhibit N-2 (FPC) / Amendment No. 4

As filed with the Securities and Exchange Commission on December 9, 1970

Registration No. 2-38740

K 375

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

POST-EFFECTIVE AMENDMENT NO. 1

To

FORM S-9

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

Gulf States Utilities Company

(Exact name of registrant as specified in charter)

P. O. BOX 2951, BEAUMONT, TEXAS 77704
(Address of principal executive offices)

F. R. SMITH, *President*
Gulf States Utilities Company
P.O. Box 2951
Beaumont, Texas 77704

J. M. STOKES, *Vice President—Finance and Secretary*
Gulf States Utilities Company
P.O. Box 2951
Beaumont, Texas 77704
(Names and addresses of agents for service)

R377

IN CONNECTION WITH THIS OFFERING, THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY OR OTHER BONDS OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

USE OF PROCEEDS

The net proceeds to be received by Gulf States Utilities Company (the "Company") from the sale of the Bonds offered hereby (the "New Bonds"), after deduction of expenses and exclusive of accrued interest, will be used by the Company to pay off part of its short-term notes having various maturity dates extending into 1971, of which it is estimated $55,000,000 will be outstanding at the time of the sale of the New Bonds. The proceeds from the notes being paid were used in connection with the Company's construction program and for other corporate purposes.

All of the short-term notes expected to be outstanding will either be in the form of commercial paper, or short-term notes issued under the Company's revolving credit agreements with banks which provide for loans maturing on December 31, 1970, up to an aggregate of $27,330,000. Upon prepayment of any note or part thereof issued under the credit agreements, the full amount of such payment shall be immediately restored to the aggregate principal amount of the credit available under such agreements. On or before December 31, 1970, the Company expects to consummate new similar revolving credit agreements with banks providing for loans maturing on December 31, 1971, up to an aggregate of $40,000,000.

CONSTRUCTION PROGRAM

On September 10, 1970, the Company's system load reached a peak of 3,039,400 kilowatts and at that time the Company's generating capability and firm power contracts provided a reserve of approximately 21%. The 1970 peak represents a 66% increase over that of 1965. To meet anticipated growth in system load, the Company has scheduled in the five-year period 1970 through 1974, the installation of four 580,000 kilowatt units and two 265,000 kilowatt units. The cost of new construction in 1970 is expected to be $110,000,000 and the cost of new construction in 1971 is expected to be approximately $93,000,000.

The 1970-71 program consists of the following principal items:

Additional electric and steam production plant	$ 92,760,000
Additional electric transmission and distribution facilities	105,370,000
Other additional electric improvements	3,190,000
Additional gas plant	1,680,000
Total	$203,000,000

It is anticipated that the Company will, in addition to the funds obtained from this offering and funds internally generated, require prior to the end of 1971, approximately $66 million from outside sources. It is contemplated that some portion of this amount will take the form of permanent financing, the nature, time and extent of which has not yet been determined.

Total gross additions to the plant account of the Company during the period January 1, 1965 through August 31, 1970, amounted to $509,598,939, and during the same period retirements from the plant account amounted to $36,167,677. Gross additions during the period amounted to approximately 57% of total net plant at August 31, 1970.

HISTORY AND BUSINESS

The Company was incorporated August 25, 1925, under the laws of the State of Texas and is engaged principally in the business of generating, transmitting, distributing and selling at retail electric energy in a 28,000 square mile area in southeastern Texas and in south central Louisiana, extending a distance of over 350 miles along the Texas-Louisiana Coast. The Company's electric system is interconnected, and interconnections with other utilities are maintained for the exchange of power. The Company also conducts a steam products business and sells natural gas in the Baton Rouge, Louisiana area.

R377

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USE OF PROCEEDS

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All of the short-term notes expected to be outstanding will either be in the form of commercial paper, or short-term notes issued under the Company's revolving credit agreements with banks which provide for loans maturing on December 31, 1970, up to an aggregate of $27,330,000. Upon prepayment of any note or part thereof issued under the credit agreements, the full amount of such payment shall be immediately restored to the aggregate principal amount of the credit available under such agreements. On or before December 31, 1970, the Company expects to consummate new similar revolving credit agreements with banks providing for loans maturing on December 31, 1971, up to an aggregate of $40,000,000.

CONSTRUCTION PROGRAM

On September 10, 1970, the Company's system load reached a peak of 3,039,400 kilowatts and at that time the Company's generating capability and firm power contracts provided a reserve of approximately 21%. The 1970 peak represents a 66% increase over that of 1965. To meet anticipated growth in system load, the Company has scheduled in the five-year period 1970 through 1974, the installation of four 580,000 kilowatt units and two 265,000 kilowatt units. The cost of new construction in 1970 is expected to be $110,000,000 and the cost of new construction in 1971 is expected to be approximately $93,000,000.

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Additional electric transmission and distribution facilities	105,370,000
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Total gross additions to the plant account of the Company during the period January 1, 1965 through August 31, 1970, amounted to $509,598,939, and during the same period retirements from the plant account amounted to $36,167,677. Gross additions during the period amounted to approximately 57% of total net plant at August 31, 1970.

HISTORY AND BUSINESS

The Company was incorporated August 25, 1925, under the laws of the State of Texas and is engaged principally in the business of generating, transmitting, distributing and selling at retail electric energy in a 28,000 square mile area in southeastern Texas and in south central Louisiana, extending a distance of over 350 miles along the Texas-Louisiana Coast. The Company's electric system is interconnected, and interconnections with other utilities are maintained for the exchange of power. The Company also conducts a steam products business and sells natural gas in the Baton Rouge, Louisiana area.

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For the 12-month period ended August 31, 1970, 90% of the Company's operating revenues were derived from the electric utility business, 7% from the steam products business and 3% from the gas business. Of the electric operating revenues, 55% were derived from within Louisiana and 45% from within Texas. The gas and steam products businesses are conducted entirely in Louisiana.

The Company and ten other investor-owned electric utility companies comprising the South Central Electric Companies have an agreement with The Tennessee Valley Authority (TVA) to interchange 1,500,000 kilowatts of electric power. The Company's share of the exchange is 215,000 kilowatts. The companies have constructed a 500,000 volt electric transmission network linking their electric systems in Louisiana, Texas, Arkansas, Oklahoma, Mississippi, Missouri and Kansas. The Company is extending the 500,000 volt transmission line into its own service area to help assure future reliability of service.

The Company and two other operating utility companies have an agreement with the Sabine River Authorities of Louisiana and Texas under which the Company is to purchase 50% of the electric output of the Toledo Bend Hydroelectric plant. The Company has a commitment to pay approximately $1,000,000 annually through May 1, 2004, and approximately $800,000 annually thereafter for 14 years.

The electric business is substantially free from direct competition with municipalities or with other investor-owned electric utilities. There are 19 rural electric cooperatives, sponsored by the Rural Electrification Administration, operating within or adjacent to the service area of the Company. These cooperatives purchase their entire power supply from the Company or from adjacent systems. The operation and extension of these cooperatives in certain areas tend to restrict expansion of the Company's system in such areas. However, the Company is continuing to extend its service into rural areas.

In September, 1964, the Rural Electrification Administration approved a loan of $56,521,000 to Louisiana Electric Cooperative, Inc., a super-cooperative formed by 12 of the 13 REA cooperatives in Louisiana, for the proposed construction of a 200,000 kilowatt generating plant and approximately 1,800 miles of transmission lines in Louisiana, some of which would duplicate transmission facilities of the Company. Construction of the generating plant is proceeding. The Company and two other Louisiana electric utility companies which also serve the cooperatives are presently negotiating with Louisiana Electric Cooperative, Inc., its members and the Rural Electrification Administration to use such utility companies' facilities to wheel the power generated by the 200,000 kilowatt generating plant to certain of the distributive cooperatives, thereby making it unnecessary for the super-cooperative to construct duplicate transmission lines.

Four of the twelve rural electric cooperatives which organized the Louisiana Electric Cooperative, Inc., presently take part or all of their electric supply from the Company. During the 12 months ended August 31, 1970, the Company sold to these four cooperatives 300,493,013 kilowatt-hours, or 2% of total sales to electric customers, for a total revenue of $1,954,603, or 1% of total revenue from electric customers.

In Baton Rouge, Louisiana, the Company operates a specially designed steam-electric extraction plant which has been furnishing process steam and by-product electric energy to Ethyl Corporation and Humble Oil & Refining Company since the 1930's and to Uniroyal since 1950. The Humble Oil & Refining Company agreement runs to January 1, 1978, and continues after the initial term until cancelled by three years' written notice. The contracts with Uniroyal and with the Ethyl Corporation are presently cancellable on three years' written notice. The Company constructed and owns a specially designed steam-electric extraction plant in Baton Rouge which furnishes the requirements of the Industrial Chemicals Division of Allied Chemical Corporation for process steam and electricity. It is being operated and maintained by Allied under a twenty-year contract, which runs to February 1, 1989, and under which Allied makes annual payments to the Company, including amounts sufficient to amortize the cost of such plant over the term of the contract.

Boiler gas for the Company's various generating plants is provided for under long-term contracts with Humble Oil & Refining Company and Texas Intrastate Gas Company in Texas and with Monterey Pipeline Company and United Gas Pipe Line Company in Louisiana. These contracts run until 1985, 1985, 1981, and 1987, respectively. The contract with United Gas Pipe Line Company contains provisions for price re-determination in 1977 and 1982. Part of the gas to be supplied by United Gas has been and may be supplied by Texaco, Inc. under a separate agreement. United Gas Pipe Line Company has informed the Company that commencing in November, 1970, its deliveries to the Company's Roy S.

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Nelson and Willow Glen Stations in Louisiana will be limited to amounts which are less than the Company presently estimates would otherwise be used by such plants. However the Company does not expect this to result in any reduction in or interruption of service to its customers, since the Company believes it has adequate alternate sources of power or alternate supplies of fuel to meet its operating requirements. These alternatives would increase the Company's cost of power in varying degrees, but the Company does not anticipate that any such increase would materially affect the net earnings of the Company.

The Company distributes natural gas purchased under an agreement with Mid Louisiana Gas Company (which agreement is subject to approval by regulatory bodies having jurisdiction) in Baton Rouge and its environs which have an estimated population of 210,000. The contract with Mid Louisiana expires December 31, 1975. The Louisiana Public Service Commission recently granted the Company a 9.42% increase in the rates for the sale of gas so distributed.

The Company has a contract with the International Brotherhood of Electrical Workers which is the collective bargaining representative of employees formerly represented by the Independent Electrical Workers Union. A strike, which became system-wide April 24, 1970, was ended on July 5, 1970 with the ratification of the contract. The contract runs until July 8, 1972 and contains provisions, among others, for an immediate 7% wage increase, a wage increase on January 3, 1971 (5½%), and on October 3, 1971 (5%).

REGULATION

The rates of the Company in Texas are subject to the jurisdiction of municipal authorities, and as to all rates, including those in unincorporated towns and rural areas, the District Court has authority to declare unlawful an extortionate or unreasonable rate. Texas does not have a state utility regulatory body with jurisdiction over the rates or issuance of securities of the Company.

In Louisiana (in which state the Company is duly qualified to carry on business as a foreign corporation), a statute provides that the Louisiana Public Service Commission shall have jurisdiction over the rates and services of public utility companies. There is some question, in view of certain provisions in the Louisiana Constitution giving such jurisdiction to some municipalities, as to whether the aforesaid statute is constitutional as applied to such municipalities. In the opinion of the Company's counsel neither the Louisiana Public Service Commission nor any other governmental authority in the State of Louisiana has any jurisdiction over the issuance of securities by the Company.

In certain of its activities, including the issuance and sale of the securities covered by this Prospectus, the Company is subject to the jurisdiction of the Federal Power Commission (FPC). On November 2, 1970 the Cities of Lafayette and Plaquemine, Louisiana, filed a Protest and Petition to Intervene in the proceeding initiated by the Company before the FPC for authorization to issue the New Bonds, alleging that the Company, together with Louisiana Power and Light Company and Central Louisiana Electric Company, Inc., may be engaging in actions violative of the anti-trust laws, the Federal Power Act, and the Public Utility Holding Company Act to their detriment. In their Protest and Petition to Intervene the Cities opposed the authorization of the issue of the New Bonds unless and until the Company purged itself of the alleged violations or unless the FPC conditioned its authorization upon cessation of the alleged unlawful actions and the establishment of a program to rectify the damage alleged to be suffered by the Cities, and requested a hearing. The FPC has granted the Cities' petition to intervene, denied their request for a hearing and authorized the issuance and sale of the New Bonds without any of the conditions sought by the Cities. The Cities may have the right to request a rehearing on their petition by the FPC and to appeal from the action taken by it. However, in the opinion of Messrs. Orgain, Bell & Tucker, counsel for the Company, the validity of the New Bonds will not be affected by the outcome of any such further proceedings.

The Company is not subject to the Public Utility Holding Company Act of 1935.

The Company may be subject to regulation by various federal, state and local environmental control authorities.

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UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Before Commissioners: John N. Nassikas, Chairman;
Lawrence J. O'Connor, Jr., John A. Carver, Jr.,
and Albert B. Brooke, Jr.

Gulf States Utilities Company) Docket No. E-7567

ORDER DENYING APPLICATION FOR REHEARING

(Issued January 13, 1971)

By order issued December 3, 1970, the Commission authorized Gulf States Utilities Company (Applicant) to issue $30,000,000 principal amount of First Mortgage Bonds, due 2000, subject, however, to further Commission approval of the price of the Bonds to be paid to the Applicant and the interest rate of the Bonds. The Commission also granted leave to intervene to the Cities of Lafayette and Plaquemine, Louisiana, based upon their protest and petition to intervene filed November 2, 1970; Hearing in the proceeding was denied.

By supplemental order issued December 9, 1970, the Commission approved the price of the Bonds and the interest rate thereof, thereby authorizing the immediate issuance of the Bonds.

Intervenors on December 16, 1970, filed in this proceeding an application for rehearing of the Commission's orders of December 3, 1970 and December 9, 1970, seeking withdrawal of those orders, setting the case for full hearing, and directing Commission Staff to pursue an investigation of Applicant's activities. In their application for rehearing, Intervenors incorporate all grounds raised in their original petition to intervene as previously considered by the Commission. In addition, Intervenors present the further argument that the Applicant's described use of the funds authorized in Docket No. E-7567 and Docket No. E-7509, as set forth in the applications, are not sufficient to support the Commission's findings that the issuance of Bonds is for a "lawful object . . . . compatible with the proper performance by (Gulf States of) service as a public utility. . ."

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The Commission finds:

The grounds for rehearing set forth in the application filed on December 16, 1970, by the Cities of Lafayette and Plaquemine, Louisiana in Docket No. E-7567 present no facts or legal principles which would warrant any change in or modification of the aforementioned Commission orders issued December 3, 1970 and December 9, 1970.

The Commission orders:

The application for rehearing filed by the Cities of Lafayette and Plaquemine, Louisiana on December 16, 1970, in Docket No. E-7567 is denied.

By the Commission.

(S E A L)

Gordon M. Grant,
Secretary.